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LONDON

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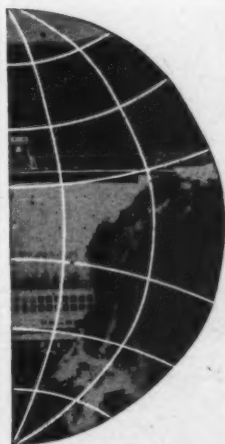


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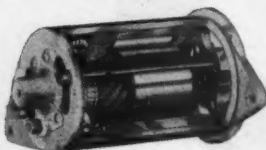
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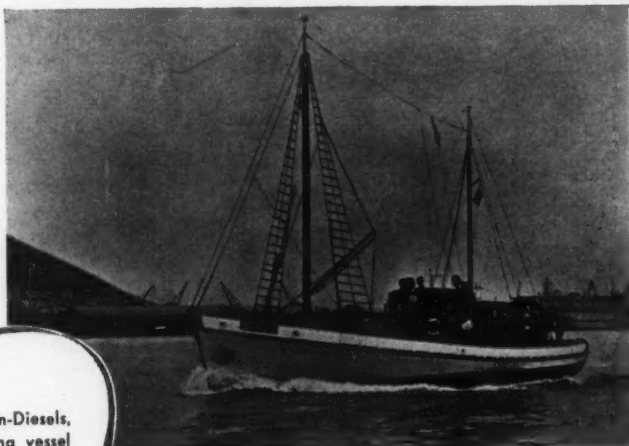
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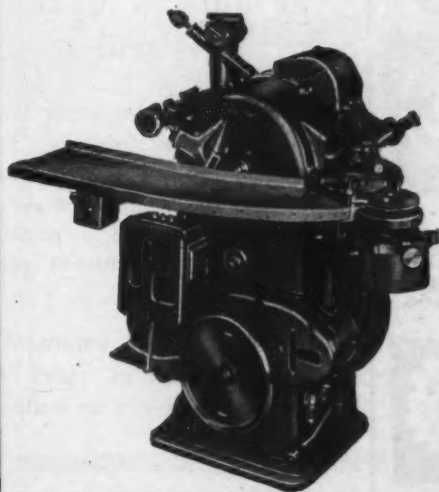
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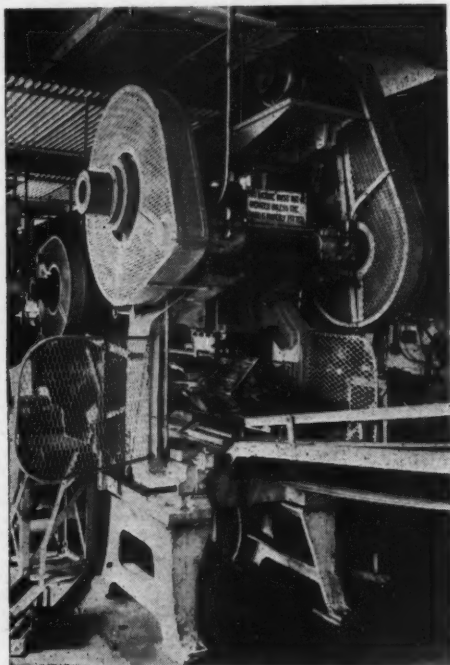
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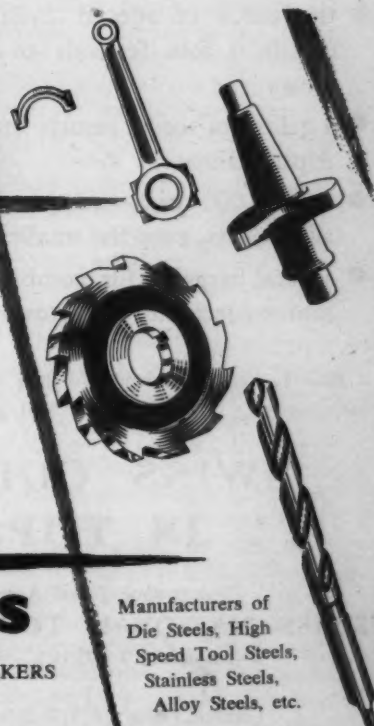
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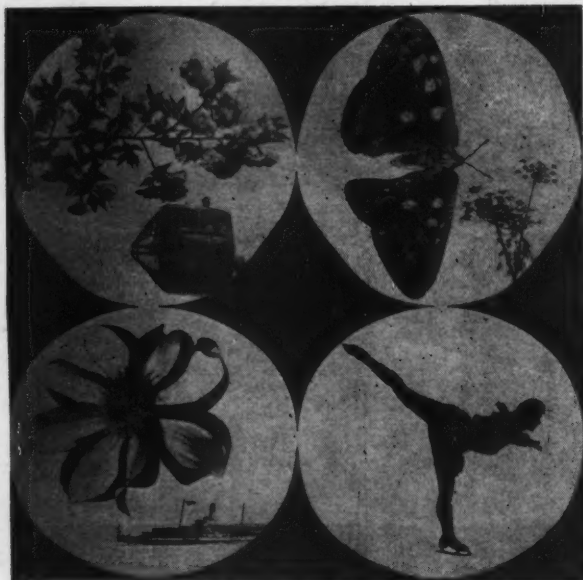
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The Editor does not hold himself responsible for opinions expressed in signed articles.

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December

1958

The Labour Party and Asia

BY this time next year there is every possibility that there will be a Labour Government in office in this country, for most people expect a general election before the end of 1959. If the Labour Party get in, it will be the first time they will have been able to translate their Socialist thinking into practical policies for nearly ten years. In foreign affairs the great numbers of uncommitted Asia would, a year or two ago, have looked forward to that day with great expectation. To some extent they perhaps still do, but with considerably less enthusiasm and anticipation that the advent of a Socialist government in Britain will have any real effect on this country's relations with them.

The lack of any real and deep understanding by Labour Party leaders of the real issues at stake in Asia today is lamentable. Transport House, the headquarters of the British Labour Party, would claim in its defence that its international department is in close and constant contact with Socialists throughout the world, including Asia, and that it has in being the British Asian and Overseas Socialist Fellowship, an organisation formed to foster good relations between Socialists in this country and those from abroad. Both these formations are ill-equipped to provide the Labour Party with the proper understanding of Asian affairs.

The link provided by the international department at Transport House is with Socialist parties in foreign countries which means that as far as Asia is concerned they are riding a dead or badly ailing horse. The Indian Congress party or the Indonesian Nationalist Party, for instance, have been trying to carry through Socialist principles into the practice of government, and their problems are socialist problems in need of sympathetic understanding by the Labour Party here. But because they are not Socialist parties by name, there has been no link, no knowledge and no understanding. An unfortunate instance of this was Mr. Gaitskell's ill-informed and strongly condemnatory remarks, made during his visit to India, about the Indonesian Government during the rebellion in Indonesia a year ago. It was not lost on those Asians who heard or read of his strong words that he had never

condemned the French action in Algeria in such a forthright fashion. Neither can the activities of the British Asian and Overseas Socialist Fellowship hope to fill in the gaps in the Labour Party's understanding. It is little more than a social club, attracting to it some ex-patriate Asians who are notoriously out of touch with feelings in their own countries.

A measure of its success is that the vast majority of politicians and politically minded intelligentsia who visit this country from Asia go away without ever having heard of it.

Britain, above all countries in the western world, has a great fund of goodwill projected towards it from Asia, and on the political level the British Labour Party has the option on that goodwill. But Labour leaders have consistently squandered the opportunity of capitalising on this feeling. The reason probably lies, as much as anything, in their "westernism," which produces a certain political insularity.

This is not an unnatural phenomenon, but it is something that a Socialist should, surely, be forever trying to overcome. This calls into question the whole basis of a Socialist foreign policy, for it is somewhat surprising that British Labour leaders should think in terms of the western world as an entity, with everyone in the western world having common ideals. It is part of Labour policy to preserve the western alliance; to defend a "western way of life." This assumes that all partners to such an alliance have the same ideals and political concepts to defend. But would a Labour Government really have the same things to defend as those countries to whom it would be allied? Ought it to think of spilling one drop of blood to defend a western capitalist way of life? If, in the recent Quemoy crisis, the US had used atomic artillery against the Chinese mainland (as it looked at one time as if it might), Britain would have been dragged into a nuclear war against its will. Because of the tight alliances embodied in the Atlantic community and NATO, Mr. Gaitskell, if he had have been Prime Minister at the time, would, despite his protestations, have been able to do no more about it than Mr. Macmillan could have done. Because the Labour Party has made no apparent endeavour to rethink its basic

foreign policy is why Asians are beginning to believe that the Labour Party's coming to power in this country will make not an atom of difference to the negative stance Britain has taken in world affairs in the past ten years.

No one, least of all Asian countries, thinks in terms of a "third force," but the advent of socialist administration in Britain should draw this country closer to the uncommitted countries of Asia on the political level and in the conduct of world affairs. But this cannot happen without a wider understanding by Socialists of what is going on in Asian minds, and more important in Asian hearts. The Labour leaders

seem to think that when a colonial country has achieved independence, their further interest is not called for. This is one of the greatest political mistakes of all time. Politically conscious Asians expect nothing positive from a Conservative administration in Britain, and they are agreeably surprised when they find that on many issues Conservatives react in an understanding way. With the Labour Party they expect a great deal and they are very heavily disappointed when Labour leaders and spokesmen do not know where they stand politically on some of those issues which are matters of life and death to the people of Asia.

Comment

Mr. Lim and Mr. Lee

A CURIOUS scene is being enacted on the political front in Singapore. Convinced that Mr. Lee Kuan Yew's People's Action Party is gaining sufficient support to win the elections next year, Mr. Lim Yew Hock, the Chief Minister and leader of the Labour Front, is gathering all the so-called socialist elements together into one group to be known as the "Singapore People's Alliance." This alliance is a curious amalgam of groupings, and it is difficult to see how they will be able to agree to work together. The Workers' Party of Mr. David Marshall has split asunder, but no one seems quite clear which section of it intends to join the alliance, although the leader of the Workers' Party in the Singapore City Council has become the new alliance's secretary-general. What he or his colleagues will have in common with the several Liberal-Socialist members who have joined the alliance is impossible to envisage at this stage. The Liberal-Socialist Party, in spite of the name, is the conservative party of Singapore politics. Mr. Francis Thomas, secretary of Mr. Lim's Labour Front has refused to have anything to do with the alliance because he does not agree with the political ideas of the Liberal-Socialists. David Marshall has, characteristically, vacillated between joining the new grouping and keeping the remnants of his Workers' Party alive, probably because he is the kind of man whose political activity revolves around himself as the central figure, and in the alliance he would have to play second, if not third or fourth, fiddle to Lim Yew Hock.

All this confusion has come about with the express purpose of finding an alternative to the extreme left-wing vote, which looks like going to the People's Action Party. But there is also the question of personalities to be taken into account. Some time ago it might well have been possible for Mr. Lim to have thrown his own and his party's lot in with Lee Kuan Yew's PAP. Mr. Lee and his lieutenants have effectively kept Communist influence at bay in the PAP, and although they might expect to attract Communist votes, it is obvious that they have no intention of allowing Communists to dictate party policy. In these circumstances an alliance between the PAP and the Labour Front would have strengthened the democratic left in Singapore. It is useless to turn a blind eye to the fact that the majority of voters in Singapore at the next elections will be voting left.

It is therefore important to have the democratic elements on the left fighting on the same side. But Mr. Lim did not want to find himself in a party where, although certain of victory, he would be expected to stand aside and work under Mr. Lee whom he doesn't very much like anyway. The result may well be disastrous for Singapore. The new alliance is being formed for a negative purpose—that of challenging the PAP. There will no doubt be constant dissension within its ranks. And the PAP might find itself eventually unable to stand up against insistent extreme left-wing pressure.

Police Powers in Japan

THE conflict over the Japanese Police Bill, which Mr. Kishi has decided for the time being to put aside, has brought to the surface all the latent divisions within the country. The bill, introduced by the Liberal Democratic Government of Mr. Kishi, sought to strengthen the hands of the police in some important respect. To many Japanese, who remember the powers conferred on their former police, the new measure seemed to hark back to the days of the pre-war totalitarian right-wing dictatorship. To others, it merely attempted to remove the restrictions on police activities imposed by the law of 1948. It was intended to enable the police to carry out their duties more effectively by giving them discretionary powers to question and search persons suspected of being armed, or of criminal intent, and to take into custody lunatics, drunks and would-be suicides. In a city the size of Tokyo, with its large population of criminals and juvenile delinquents, and its alarmingly high suicide rate, some extension of the police's powers is not surprising, and perhaps in the context, even necessary.

Unfortunately for Mr. Kishi, however, opponents of the bill discern (and not without reason) that it was aimed at preventing more than the massing of rival gangs at street corners. Both its provisions and timing suggest that the Prime Minister intended to use it for political reasons. The most controversial clause of the new bill was criticised not only by the opposition Japanese Socialist Party and Sohyo (the trades union federation), but by hundreds of individuals and organisations including several Japanese literary and public figures. This clause would empower the police to take action in the event of "a clear and imminent danger of public disorder," and to enter and evacuate premises

(including private premises) where a dangerous situation threatens to develop. Sohyo declared that the intention of the Government was to interfere with trade union activities, prevent strikes and demonstrations from taking place, and make it almost impossible for it to carry on its work.

While it was an open secret that the Japanese Right had for some time been thinking of turning the police into a more effective force, the way in which Mr. Kishi sprung this bill on the Diet took everyone by surprise. The Prime Minister must have had an eye on the negotiations for the revision of the US-Japan Security Treaty, which opened in Tokyo last October. A bill strengthening police powers, and thereby providing for effective action to be taken against sit-down strikers and demonstrators at American military bases in Japan, would place Mr. Kishi in a much stronger negotiating position with the Americans.

One of the issues brought up for discussion was the revision of those "unilateral" clauses of the Treaty which gave the Americans unqualified right to the use of bases in Japan, without any obligation to consult the Japanese Government regarding their use. Not unnaturally, Mr. Kishi would like to see this changed, and in return, therefore, he would like to give the Americans the assurance that they would no longer be troubled by strikes and demonstrations organised at their bases by Japanese trade unions. No wonder that the Socialists, realising that the domestic issue of the bill was being mixed up with the Cold War, asked for an indefinite postponement of these negotiations, hoping that with the electoral tide in the US running in favour of the Democrats, it might be easier to wrest concessions at a later stage, from a Democratic Administration.

The saddest fact of all is that both the supporters and opponents of the Police Bill have resorted to extra-parliamentary methods in order to fight their battles. Sohyo's conviction that Mr. Kishi is spoiling for a fight with the labour unions led it to agitate for the "overthrow of the Kishi Government." The Prime Minister's methods of extending the session of the Diet by thirty days in order to push his bill through, further alienated the genuine liberals. Both sides have done their best to tear apart the thin fabric of post-war Japanese democracy.

India's Achilles Heel

THE production of food grains in India has dropped by six million tons compared with last year's harvest, largely because the weather has been very much worse this year. On the other side of the Himalayas, China nearly doubled its 1957 harvest with an additional 165 million tons this year. China was helped by good weather, but it almost seemed like a case of God helping those who helped themselves, for the Chinese had newly irrigated millions of acres of land. Indians quite rightly say that if it were not for their dedication to democracy, they could do as well as the Chinese or anyone else.

For some seven or eight years land reform has been part of the Congress platform, but was carried out only in Kashmir, where the party in the ascendancy, the National Conference Party, has no connection with the Congress Party. In Kerala the Communist Government is prevented by the Congress Party and the central Government from making any serious move. Everywhere else in the country the State Governments are muscle-bound, with Ministers and

State Congress bosses, and their friends and relations unable to bring themselves to take the plunge into putting drastic limits on land holdings. Each State has its own ideas about what ought to be done, but on one point they are indistinguishable: they get nothing done at all.

According to latest reports, Congress headquarters has now lost patience with the States and advised the central Government to insist on enforcement of land reforms, which must be completed by next March. The feeling in the country is, if anything, over-ripe for this reform. Vinoba Bhave's Bhoodan agitation has reinforced the conviction that stable, industrialised India must be based on a sound agriculture. Internal pressures, plus China's example, which holds a patent attraction for India, may now induce the landlords' friends in the State capitals to "get weaving".

Mr. Nehru, too, seems to have in mind an Indianised adaptation of the agricultural methods of Russia and China. Land reform will be only the psychological beginning of increased output. More will have to be done to deal with the problem of fragmented land holdings, which may be as small as one or two acres. For the past year or so, India has been building up rural cooperatives which offer all kinds of trade and services. Mr. Nehru would like to see such cooperation in the cultivation of the land as well. The peasant would retain his ownership title, but place whatever land he possesses into the village pool, enjoying the returns of his ownership investment as well as his labour in tilling and harvesting. If this idea is accepted, then the Indian village *panchayats* will become something more than rural self-government councils as they now are, and will run their own economy through a network of cooperative ventures. After all these years of preparation, theory and frustration, it will be very much the case of seeing is believing.

The Politics of Foreign Aid

THE great powers are moving gradually into position for an economic offensive. Both British and American spokesmen have admitted for some time that the issue is being forced on them by the Soviet Union. Britain's Chancellor of the Exchequer, Mr. Heathcoat Amory, said recently that "this competition is unending and we cannot contract out of it." The same thought was expressed by Mr. Douglas Dillon, United States Under-Secretary of State for Economic Affairs, when he addressed the American Management Association on the World Bank and International Monetary Fund meetings in Delhi last October. The problems of economic rivalry, he said, were "essentially new in kind," and the urgency of these problems had increased "because of the expansion of the Soviet economy and the growing national power of the USSR."

Since the founding of the United Nations, Britain and America have paid lip service to the idea of helping the underdeveloped countries. America has indeed poured out many millions of dollars in military aid to selected Asian countries, and Britain has paid conscience money through the Colombo Plan. But the problem they are now debating is a different one. It concerns contributions adequate to industrialise the have-not countries, an idea generally regarded as anathema to the economic systems of the industrially and financially strong countries.

In Russia the opposite is the case. That first audacious

Soviet move of contracting to build a steel mill in India now has its follow-up in the Soviet offer of aid for the Aswan Dam to Egypt. If it was possible to accuse India of being "near-Communist" and thus to read a base motive into Russian aid, nothing like this can be said about the anti-Communist regime of Nasser. The Russians are clearly quite in earnest about their economic competition with the West, and their readiness to help the underdeveloped countries.

But where can the West start and how can they best go about it? The current recession is one of Britain's biggest headaches. Another is the European Common Market and French opposition to a European Free Trade Area as proposed by Britain. There is too a spending spree, after three years of deflationary policies, in an attempt to check the rapid growth of unemployment. But nothing at all has been said about increasing exports by generous credits and loans to deserving countries. In the depressed state of international trade Britain has outlets in the Commonwealth but is not availing itself of them. The Commonwealth countries producing raw materials are obliged to cut their imports from Britain, which takes advantage of being able to buy cheap at present from its sister countries. At the same time this economic recession plays a big part in producing undesirable political trends in various places, such as for example Pakistan. With every day that passes, the situation grows worse.

The Soviet Union and China have issued their challenge, chosen the field and the weapons, and made their preliminary deployment for a long, hard competition with the capitalist countries. It is a contest from which the West cannot escape. China has declared that from now on it will give extensive aid to the Bandung countries to build up independent economies. Mr. Khrushchev has promised "astonishing" targets for the new seven-year plan soon to be made public, in time for discussion at the Congress of the Soviet Communist Party at the end of January. The Russians are expecting an announcement at this Congress of a "swift advance towards Communism," by which they mean an era of plenty.

Thus the economic trial of strength now opening has the West at a disadvantage. Such a competition could be healthy for all concerned, the great powers themselves and the uncommitted, underdeveloped countries. Given proper leadership and policies Britain, with the Commonwealth, could give a good account of her strength, but there is little evidence that she will choose a straight fight. The economic malady of the West gives rise to fears that there may be an attempt to divert people's attention from it by an irrelevant intensification of the cold war.

Asia's Economic Needs

AT the Seattle conference of the Colombo Plan countries, President Eisenhower outlined five major requirements of economic progress which, if successfully met, could accelerate the pace of development in South-East Asia. Besides the old favourites such as more private investment, increased technical assistance, and a greater use of the procedure of normal bankable loans, the President called for an expansion of world trade, and above all, for affording the borrower countries greater flexibility in terms of repayment of loans made to them. These proposals, taken in conjunction with recent moves to enlarge the capital of the

World Bank and the International Monetary Fund, should serve to focus attention on the problems of the economically underdeveloped countries of the world.

Strange as it may seem, the immensity of the problem is only now beginning to be realised. Several millions have been poured into the countries of the Colombo Plan region since the organisation was formed in 1950; and besides, the Colombo Plan is only one of several institutions to provide assistance by the richer to the poorer countries. Yet the effect of all this aid can be wiped out in one year of recession in the West. The raw material exporting countries have discovered, much to their alarm, that a slackening of world demand for primary commodities can reduce their export earnings by anything from a third to a half, leaving them with fewer resources or foreign exchange. They have naturally been clamouring for some sort of commodity price stabilisation scheme to prevent sudden setbacks to their economic plans. Yet this is merely one symptom of a deep-seated trend which turns the terms of trade progressively against the newer and lesser developed nations. In other words, the rich countries have been growing richer, and the poor poorer, and this in spite of all the aid and technical assistance which the West has been providing.

Moreover the scale of financial assistance provided so far bears no relation to the actual needs of those countries. India alone needs an extended loan of £230 million to meet her foreign exchange requirements between now and 1961 if her Second Plan (in the revised form) is to be completed; this figure does not take into account the sum of £125 million made available to her at the Washington meeting of her chief creditors last summer. Besides, the problem is a prolonged one, because not only must the Delhi Government start looking for funds to finance its Third Plan before tangible benefits from the Second Plan begin to manifest themselves, but it must also turn to the question of repaying existing debts which, by the end of this year, will amount to about £500 million. Other Asian Governments are up against the same kind of problem, although on a smaller scale. Meanwhile all Asian eyes are watching China, where the Communist experiment of economic expansion is beginning to show results. Above all, the Soviet Union and China are offering barter agreements to Asian countries which enable them to dispose of their unsold commodity stocks, but this inevitably ties up their economies to the Communist bloc.

It is not only aid which the Asian countries need; more two-way trade with them must be encouraged by the West. There is also the question posed by private foreign capital in those countries whose activities in the past have bred resentment and suspicion. More Government to Government aid is necessary, and the Asian countries must do more than they have to organise an efficient and honest civil service to administer these funds. British and American capital has hitherto insisted on the profitability of the schemes in which it was being invested, or offered loans on strictly orthodox terms with high interest rates. West German capital is now entering the Asian market; what impressions Dr. Erhard is taking back with him after his tour of South-East Asia is not yet fully known, but one might hazard a guess that this advocate of "laissez faire" economics would prefer to see German aid organised privately. Yet the problem is of even greater political than economic importance, and the sooner its importance is grasped by the West as a whole, the better.

AFTERMATH OF MARTIAL LAW IN PAKISTAN

By Our Karachi Correspondent

AFTER six weeks of Martial Law in Pakistan it is possible now to make a provisional assessment of the sweeping changes that have taken place here. It is too early yet to predict the course this astonishingly benign and bloodless revolution will eventually take, but it seems certain, with the withdrawal of the army from all over the country last month and the restoration earlier on of the civil courts, that the new Government intends to operate within the framework of the existing laws without resort to those draconian measures which are traditionally associated with revolutions.

When the Army took over on October 7 and swept away the cumbersome apparatus with which the fiction of democracy was being maintained, there was surprisingly little grief or intellectual resistance at the passing of the old order even among the western educated intelligentsia who may claim to have a sentimental attachment to this form of government. There was, however, genuine apprehension and fear at the course the revolution might take, probably because the example of the Army *coup* in Iraq was uppermost in many minds. Nor were these melancholy ruminations limited only to Pakistanis. Foreign observers and correspondents seemed to be torn between their dislike for the patent absurdities of the *ancien regime* and their misgivings at the passing of yet another democracy friendly to the West.

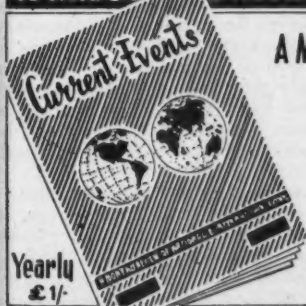
The publication on the following day of the Martial Law Regulations setting up summary military courts and the prescription of dire punishments including the death penalty for a whole category of new offences seemed to deepen the prevailing gloom. That the Army quickly sensed the lurking fear in the minds of the general public is obvious from the speed with which the army units were

rapidly and discreetly withdrawn from public places. At the same time repeated assurances were made by General Ayub Khan himself that the purpose of the new regime was to "bring the country back to sanity" rather than to rake up the past. In a broadcast to the nation early last month General Ayub declared: "I have said repeatedly that it is not our intention to go witch-hunting, we would like to give the past delinquents a chance to reform their ways and to learn to follow the straight but narrow path. Let, therefore, there be no misapprehension that the severe penalties of Martial Law would apply to past misdeeds."

Indeed it was this enlightened attitude which seemed to set the dominant tone for the new Government. It is easy to see with the wisdom of hindsight that the army had all along had the restoration of law and order as its topmost priority rather than any immediate and far-reaching changes in the social structure. In the words of General Ayub's first broadcast to the nation on October 8 last, the army had taken the drastic and extreme step with great reluctance "with the fullest conviction that there was no alternative to it except the disintegration and complete ruination of the country." And so it was to its main objectives that the army addressed itself with a vigour which, while it is not surprising to those who know the Pakistani army, speedily produced spectacular and almost unbelievable results.

The very first consequence of the drive to restore law and order in the country was an immediate and precipitate fall in the prices of all consumer goods, notably of imported goods. Imported crockery, textiles, toilet goods, cosmetics and women's wear were the most heavily affected and in many instances prices fell as much as from 40 to 60 percent provoking a "shopping-spree" in Karachi and other cities of Pakistan of a kind never seen before. Life-saving antibiotics which were obtainable only at fabulous prices in the blackmarket suddenly made their appearance in the shops in seeming abundance. Almost overnight the blackmarket, the prime cause of the citizens' multitudinous woes, collapsed. Price-control was introduced immediately and rigorously enforced. But the heaviest blows of all were reserved for the smugglers, particularly of foodstuffs — a criminal activity which had well nigh brought Pakistan to the edge of disaster. Tens of thousands of tons of wheat, belying the earlier claims of shortage by successive governments, were recovered from hoarders all over the country. The country's borders were irrevocably sealed by the army. Even now hardly a day passes when fresh hoards of grain are not unearthed in astronomical quantities. The recovery of smuggled gold in fabulous quantities is another fantastic aspect of the kind of smuggling which had brought the

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country almost to its knees. Recovery of smuggled gold has continued, and the total quantity recovered so far exceeds the astounding figure of three tons!

The new regime spread its tentacles far and wide. It began to strike at corruption, nepotism and inefficiency with swift and well-directed jabs. The recovery of vast sums of money in taxes, hoarded foreign exchange, motor-car registration fees and other unpaid municipal and governmental dues literally assumed phenomenal proportions. There is little doubt that as the disclosures were daily made public, the country was appalled—stunned by the magnitude of the evasions and fraud which had become almost a way of life in the last five years. Certainly no Government could have long survived such vast inroads on its exchequer.

But once again it needs to be emphasised that although the new regime has relentlessly gone about its appointed task it has done it with the minimum of physical force; nor has it imposed those enormous and dire punishments for which it had initially equipped itself under the Martial Law regulations. The army has behaved with commendable restraint, and it is to its credit that it has not so far fired a single shot in anger; nor has anyone to date been executed under the new regulations. The emphasis has been on the recovery of ill-gotten gains by fines rather than on vindictive infliction of long prison sentences. How gently the new administration has gone about its business can be seen in its handling of income tax defaulters and those in possession of foreign currency. In both cases the aim has been to rectify rather than to punish. Liberal time-limits have been imposed before which all books must be put in order and

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foreign currency surrendered. At the banks today it is a normal sight to see long queues of persons waiting to hand in their preciously hoarded foreign exchange which the banks have been instructed to accept without any questions.

For the future, the new regime appears to have fixed its sights on the problem of land reform, resettlement of displaced persons and a thorough overhaul of the educational system. At the moment of writing these problems are being studied by experts, but there is little doubt that the new regime intends to deal with them in real earnest. For it is on its achievements in these fields, as Pakistanis know, that the outside world, once the day to day problems of law and order are brought under control, will judge the success of the peaceful revolution.

Letters to the Editor

SEATO OBSOLETE

Sir,—According to some well informed observers, the military *coups* in Pakistan and Thailand are in some way connected with the reluctance of SEATO members to rally to America's side over the Quemoy question. In any case, they help to prove the gross failure of SEATO, for apart from its members' unwillingness to support Mr. Dulles's adventurous China policy beyond a certain danger point, it has obviously been so ineffective in curbing the real or imaginary "subversive" elements in South-East Asia which are supposed to threaten democracy, that democracy itself had to be sacrificed to military regimes. We never saw any useful purpose in this military pact which only helped to antagonise Asian feelings, but now it seems that Britain's partnership of SEATO is actually damaging her relations with her Indian and Ceylonese Commonwealth partners. Especially India resents British partnership in an organisation which helps the United States to penetrate into South-East Asian countries, especially into Pakistan where US military bases are being erected under its auspices.

Yours etc.,

Calcutta, India.

K. P. GOSWAMI

COST OF CHINA'S LEAP

Sir,—In this Chinese "year of the big leap" many astounding achievements are being reported, some of which you note in your November comment. China's ability and example of doubling its agricultural and industrial production in the course of one year cannot fail to impress, no matter whether one favours Socialist methods or not. This far there can be no disagreement.

I also believe you are right in saying it is being done through propaganda, education and first-class organisation, not by coercion. Otherwise the people's communes would hardly be entrusted to form their own militia. Nor could nearly six hundred million peasants be mesmerised in two or three months into giving up all their land and other property to the communes if there were not still some residuary social and moral feeling of primitive communism. We may further believe that the Chinese Communists, more astute than their counterparts in Russia, have established so close an organic relationship with their people that what is thought in Peking is at once transmitted to the nerve-endings in Nanning, Kunming, Kashgar and Harbin.

But it is really the case that the highly

individualist peasant, whether in Russia, India, Ireland, or Mexico, unless he is totally landless or ground down by the bitterest poverty, can be so easily proletarianised and equalised as China would like us to believe? We are also told there is now a great enough saving from the communes for investment in large capital enterprises. Are the people's communes very happy about proving so successful that their surplus profits can now be handed over to the leaders in Peking? Can they really feel the game is worth the candle? I wonder.

Yours etc.,

London, S.W.7.

D. SPALDING

RELATIONS WITH ASIA

Sir,—It is surely strange for the Right Hon. P. C. Gordon Walker, M.P., to go deeply into the anatomy of nationalism, and conclude that the West must come to terms with it without saying how. He says only two things; that the West must withdraw from its remaining positions of dominance and also withdraw from the assumption of spiritual and technical superiority.

These are of course important, though not so much the latter. We in Asia do not feel strongly about the West's technical superiority, because it is a fact, and we have to learn from it. What struck me most forcibly during my two years in England was not that people and

politicians did not recognise the nationalist feelings of Asia but that they had simply no idea of how to adjust the details of their foreign policies to the world outside the West.

Intelligent people in politics, students etc., always seemed to take an apologetic line as if to say "We recognise what you think and feel, and we sympathise with you, but what else are we expected to do about it." I am sure there is a lot to be done, apart from technical and economic aid. A closer relationship between Britain and India on the political level would be most desirable, to provide as strong a link as now exists between Britain and her European neighbours.

But India is not the only country. The former colonial countries of Asia are looking for friends as well as helpers, and unless the external policies of the UK and other western countries are made to look more friendly towards Asian countries, people in this part of the world will look for friends elsewhere.

Or the result may be as Mr. Gordon Walker says: there will be "a polarisation of power between the older nations and the new."

Yours etc.,
Nagpur, India. R. V. MENON

THE QUEMOY CRISIS

Sir,—Writing on the Quemoy crisis in the October number your Washington reporter finished his dispatch by saying that there was no rational American policy on this matter but the heated debate in this country on the crisis "has gone a measurable distance towards public acceptance for a turn towards logic and reason."

No one would claim that foreign policy played a dominant part in the mid-term elections, but I feel sure that the arrant irresponsibility shown by the President, his advisers, John Foster Dulles, and the State Department in bringing us all face to face with the possibility of an all-destructive war, confirmed electors in

their rejection of the Republican Party.

Many of us here have for long supported the official policy of not allowing Red China into the United Nations. I have felt that the Chinese Communists would further disrupt the workings of the UN in the same way as Soviet Russia. However, the time seems to be arriving when something will have to be done. Our interests were certainly not served by the Administration's inept handling of the Quemoy situation, and I cannot help but feel that we would gain more prestige and face in similar exchanges with Red China if we were able to present the cases in the UN.

There is certainly a feeling here that the Government has no fresh ideas in foreign policy, and many people are becoming concerned that our country's only active contribution to international affairs is to repeatedly bring the world to the brink of disaster.

Yours etc.,
Berkley, California, U.S.A. JAMES K. STYLES

THE UNDEVELOPED COUNTRIES

By Lord Boyd-Orr

THE ease with which the European nations conquered what are now known as the undeveloped countries made people assume that the natives of these countries were inferior in natural ability to the white man. Well informed people now realise that this assumed superiority is a myth. There were highly developed civilisations in these countries when the natives of Europe were ignorant barbarians and there is no reason to believe that their inherited natural abilities have deteriorated. On the contrary, when they get the same education and other advantages of the wealthy western nations, they are equal in ability to Europeans.

The easy victories of the Europeans were due to their superior technology especially in weapons of war. The application of this technology in industry created the wealth and high standard of living of the western nations which is such a contrast to the abysmal poverty of the masses of the once subject nations. This poverty has been increased in recent times due to the increase in population without a corresponding development of natural resources to support the greater numbers. These countries which have won their independence have begun to apply the technology of the West in establishing industries to develop their natural resources for the benefit of their own people.

They may do this much faster than some people in the West think possible. Japan, which was never occupied by foreign troops till after the second world war, became industrialised and one of the great world powers in about forty years. An equal rate of progress is being made in some other countries. In China, which the writer of this article recently visited, the development of industry and agriculture and the rise in the standard of living is proceeding faster than they ever did in Japan or the Soviet Union. India,

Egypt, and some other countries are getting ahead with steel plants, textile factories and other industries. The vision of a higher standard of living and the pride of achievement should enable the people to endure the hard work and discipline needed for the tremendous task of bringing their countries up to the standard of well-being enjoyed by already industrialised nations.

It is a pity that so much money and effort should be diverted from development projects to military defence, when friendly cooperation in joint projects and in trade would be of such great mutual benefit. To an outsider it seems a tragedy that Arabs and Jews who both belong to the Semitic race to which our civilisation owes its greatest earliest achievements or that India and Pakistan, whose people jointly fought for freedom and looked forward to a great future for India, should be divided and wasting money on arms—money so urgently needed for capital investment. If the highly intelligent leaders in these quarrelling countries could induce their governments to compose their differences and begin friendly cooperation, the rate of progress would be greatly accelerated. A new era of peace with cooperation of nations which should be friends would do the underdeveloped countries more good than aid given by western countries with the suspicion of political strings which might detract from their recently won freedom.

The undeveloped countries do not want aid as a charity. What they need is loans at a moderate rate of interest which could be of equal benefit to the industrialised countries which need a rapidly expanding world economy to keep pace with their increasing capacity for production. In spite of so much of their industry being devoted to armaments, sputniks, and rockets for the moon, industries are being

bogged down with unmarketable surpluses with resulting unemployment. Here is a great potential market which could be developed, not for political ends or even on humanitarian grounds, but as a practical business proposition.

The western countries really want gradual disarmament if it could be brought about in safety and without loss of business due to decreased orders for armaments. It is suggested that they might begin disarmament by getting every country, including the undeveloped countries, to agree to cut their military budgets by, say, ten percent, to begin with and devote half of the savings to a UN international development fund to be managed on business lines. That would provide, in the first year, a fund to the equivalent of nearly 6,000 million dollars from which loans could be made to undeveloped countries to develop their resources. The enormous amount of equipment needed to modernise agriculture and establish modern industries in the undeveloped countries would provide the market needed to keep the wheels of industry turning as the market for armaments declined. As all countries would contribute, to some extent, to the fund to increase the world wealth and trade for the common good there would be no element of degrading charity and no attempt to control countries for political ends.

This suggestion which has been regarded with favour by some businessmen in eastern countries should be of special interest to the undeveloped countries. If, instead of quarrelling, they could unite in putting a proposal on these lines to all governments, it would have a better chance of acceptance than a proposal put forward by either USA or USSR or any of their allies which would be regarded with suspicion by their political opponents.

Though no one can foresee the future, it seems as sure



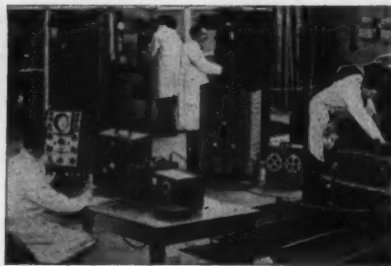
Lord Boyd-Orr (right) greeting Dr. Chi Chao-ting, General Secretary of the China Committee for the Promotion of International Trade at a Reception in London given by the British Council for the Promotion of International Trade in October, 1957 in honour of the Trade Mission headed by Dr. Chi

as can be that provided war, which would involve the whole world in ruin, be avoided, the resurgent eastern countries will regain most of their ancient glory and power and make another great contribution to the advance of civilisation and the promotion of the welfare of the human family.

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China's Big Increase in Food Production

By Chih Fu-jen (Peking)

JUST as the Israelites of biblical times dreamed of Canaan as a "land flowing with milk and honey," so have the Chinese of a day that would have *fung yi tsu shih*. The phrase means "abundance in clothing and food," and was found as often in China's ancient classics as in contemporary writings and utterances. This popular longing stemmed from the fact that all through the long history of China the people were constantly haunted by the spectre of hunger and famine.

In the past century, particularly after invasions from outside, the question of food became a perennial problem. The word famine was soon to become almost synonymous with the name China. And this in spite of the fact that China is one of the lands most kindly endowed by nature, its people one of the most diligent in the world. In the best year China used to produce around 140 million tons of grain. After the Japanese invasion production spiralled downwards, and fell to 103 million tons by 1949, the year the Communist Revolution was successful. This meant a per capita supply of slightly under 200 kilogrammes — for all purposes.

It was against this background that dire predictions, coming mainly from the Malthusians, were made about China. The picture they painted was one of the country's growing millions exerting a "hopelessly unbearable pressure upon the land" and the inability of China to solve its food problem because the "rate of food production, in arithmetical progression, will not be able to catch up with its population growth, in geometric progression."

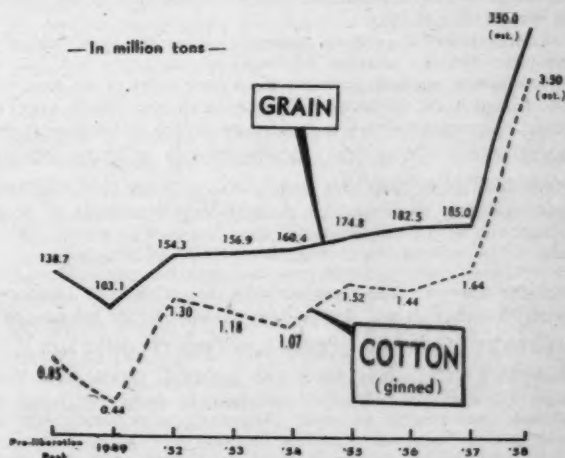
But facts show another picture. With more or less the same tools and methods used in the past, the peasant masses of China have quickly brought grain production up to the pre-war level, and in 1952 exceeded the highest pre-war figure of 140 million tons by as much as 14.3 million tons. By 1957, China averaged an annual increase in food crops of about five percent (as against its population increase of two percent), bringing the total output of grain to 185 million tons. Even then the rate was already two percent higher than the world average of three percent given by the FAO (Food and Agriculture Organisation) of the United Nations.

But this year, the rate of development of agriculture is even greater, far higher than anyone had ever dared to imagine in the past. Grain production, according to the Ministry of Agriculture, will reach upwards of 350 million tons. This is nearly double last year's output, and is also more than double last year's output of the United States, biggest grain growing country in the western world. China's total grain output equals that produced in 1956 by the North American continent, Central America, Western Europe, Australia and Africa combined.

This rate of development — not of two, three or even five percent, but 100 percent — is unprecedented in China or anywhere else in the world, past or present. Of the estimated total, 185 million tons of wheat, rice, maize and

other food crops had been brought in by the end of September. The remainder, standing on 60 million hectares, will be in most probably before the first frost. The wheat crops, among the first to be harvested and ranking as the second important cereal in China, amounted to 39.5 million tons. This is 70 percent over last year's total. The national average yield went up from the 855 kilogrammes per hectare of 1957 to 1,485 kilogrammes, that is a 73.6 percent increase.

Producing only 44 percent of the United States' output in 1949, China now outstrips this biggest wheat grower in the West by as much as 1.3 million tons. The next crop harvested is rice, China's prime food cereal. This year's output of early rice alone came to 43.5 million tons, showing an increase of 126 percent over last year's. By the end of September, 60 percent of the country's rice crops had been brought in. The total rice output this year is estimated



by the Ministry of Agriculture at upwards of 180 million tons, or equal to the total grain crop of last year. The national average yield is estimated at 5.17 tons per hectare, higher than that achieved last year by Japan, the highest in the world.

Remarkable increases are also reported by the Ministry in other crops. The biggest gain is in sweet potatoes, registering an estimated 500 percent increase over last year's. Maize is double and millet 60 percent higher. The smallest gain, made by soya bean, is 25 percent.

Cotton has jumped to 3.5 million tons, a 100 percent increase, to earn China the laurels of biggest cotton producer in the world. It is over 800,000 tons more than the US cotton crop. Contrary to what many people may assume, these big harvests were not due to exceptionally good weather conditions. In fact, right from the beginning the peasants were confronted with the worst drought in 30 years, with the wheat and cotton belts in the north being

particularly badly hit.

Neither can they be attributed to any sudden large increase in the use of machinery and chemical fertiliser — two most important factors advanced by scientists in highly industrialised countries such as the United States for agricultural development. Though considered important, mechanised farming in China is still a goal to be achieved in the near future. The secret of the big harvest, in the current Chinese phrase, is "politics plus technique," and the element that is instrumental is people, China's 650 million. A big population is not a liability, but an asset. Mao Tse-tung has said: "The more people there are, the greater their fervour in socialist construction."

Technically, a series of important measures, adopted on the basis of intensive farming and taking full advantage of the rich fund of experience accumulated by the Chinese peasants over the centuries, was launched after the autumn harvest last year.

In a countrywide effort the peasants built new farm irrigation facilities for 32 million hectares, bringing the total irrigated area up to 66.6 million. This is 59 percent of the total cultivated area of China or one-third of the world's total irrigated land. A rough idea of how much had been done in this field is shown by the fact that in 1949 only 15 percent of the country's cultivated area was irrigated, although China then already ranked as the first in the world in irrigated acreage.

The next important measure was fertiliser, mainly manure. On the average 10 tons, or ten times last year's amount, was applied to every mou (one-sixth of an acre or one-fifteenth of a hectare). Good anti-pest work kept a large proportion of the wet rice and cotton fields free from insect pests. To relieve the manpower shortage arising from the "great leap" in farm work, a mass movement to improve farm tools started. A considerable amount of deep ploughing and close planting was practised, making fuller use of as well as improving the fertility of the soil.

There is not a single province that has not achieved a bumper harvest. The most striking fact is that all formerly food deficient areas, due either to low yields because of unfavourable soil and climatic conditions or to the fact that they were mainly concerned with technical crops, have this year become not only self-sufficient in food but have a considerable surplus to spare. Shantung, a province with a population bigger than either Britain or France, never in history was self-sufficient in food production, and even last year there were still some districts that were deficient and had to rely on grain shipments from other districts in the province that had a surplus. This year, with an estimated 40 million ton grain harvest, its per capita supply rose to nearly three-quarters of a ton higher than the national average by as much as a quarter of a ton. Its total crop is 3.2 times last year's.

Kansu in the semi-arid north-west offers another interesting example. It was food-deficient until last year, when it cropped 4.25 million tons. Even a few years ago the idea of becoming self-sufficient had been regarded by many as wishful thinking. Now this year Kansu's total food crop, estimated at 10 million tons, is almost two and a half times last year's harvest. Its per capita supply now is 770 kilogrammes, as against the 350 of last year and 160 in 1949. The good farm irrigation work done in this traditionally dry province has been one of the major factors contributing to the record harvest. In one year's effort Kansu has

eliminated, in the main, the danger of drought, this in itself being a stupendous feat in this part of the country.

Thus in barely one year's "leap forward," the food problem of one-quarter of mankind has been fundamentally solved. The record harvest, achieved without much machinery and chemical fertiliser, once and for all demolishes the Malthusian theory regarding food production and population growth in the so-called backward countries. The increase of five percent from 1949 to 1957 in food increase already shook the "theory" to its foundations. This year's unprecedented 100 percent "leap" throws this Malthusian theory into the rubbish heap.

But in China this is regarded as barely the beginning of bigger things to come. In summing up the experience of this year's success, the Central Committee of the Communist Party called recently for another 100 percent increase next year. And with a correspondingly rapid development on the industrial front, agriculture expects to receive the necessary machinery and chemical fertiliser, motive power and electricity it needs soon. In the meantime, almost all the peasants have already joined people's communes.

Much greater increases in the production of food and other crops are definitely expected. In an interview with the chairman of a pioneering cooperative farm, Tsui Ying-chu, of Hopei Province, Chairman Mao Tse-tung set the following as standards for *fung yi tsu shih*: 750 kilogrammes of grain per capita, 50 kilogrammes of pork, 10 kilogrammes of vegetable oil and 10 kilogrammes ginned cotton. What the Chinese people have been dreaming for centuries seems to be right around the corner — the day of *fung yi tsu shih*.



Mr. H. C. Taussig, Editor-in-Chief of EASTERN WORLD, left last month for a three months' fact-finding visit to India, Pakistan and Burma. This follows his recent tour of Japan, China, and the countries of South-East Asia. The picture shows Mr. Taussig at London Airport just before boarding an Air-India plane for Bombay.

JAPAN AND AMERICA

By Hugh H. Smythe (New York)

SINCE June the world situation has brought the United States and Japan into sharper focus in their relations with one another. The recession in America and the ramifications it held for Japan as the second major market for American producers, was sure to make itself felt on the home scene in Japan with results having impact on many significant areas of Japanese society. Thus the two nations engaged in several reassessment talks after midyear. Although economic matters always loom large between Japanese and Americans, international questions have recently come in for a major share of attention, especially those involving the United Nations, foreign policy, and bilateral treaties.

Though Japan was memorialised by Russia asking for an assurance that Japanese bases would not be employed to supply US troops in event of hostilities in the Far East, Japan pointed out that their use was governed by a mutual security agreement which she was bound to honour so long as it was in force. However, because the situation has altered considerably since the treaty was originally negotiated, in September Foreign Minister Aichihiro Fujiyama let it be known Japan no longer wished to abide by a document in which deployment of American forces in Japan rests solely with US authorities. "Because of this condition we want to revise the treaty in such a way that the American Government will be required to consult our Government before taking action." Formal talks to this effect, as well as other matters, opened in Washington in October characterised by a healthy atmosphere of restraint and sobriety on the part of the Japanese and earnest effort by America to understand the latter's point of view. America does not question the fact that Japan is basing her request on good grounds, since in reality there is really little "mutuality" in the agreement as it now stands. In spite of pressure by the Opposition, the Prime Minister, Nobosuke Kishi, has withstood the accusation that the present treaty is a derogation of Japanese sovereignty and insisted that matters be worked out calmly and with full consideration of the situation in the Far East today.

He has not allowed himself to be stampeded by propaganda surrounding the Taiwan crisis. On October 2, Tokyo sent a note to the Soviet Union holding Peking to blame, pointing out "The contention that the actions of the US in the Taiwan Strait region are aggressive moves overlooks the real situation. The existing crisis has been brought about by the use of armed action by Chinese Communist troops." Although supporting American moves in the matter, there was some opinion voiced in high circles in Japan that Quemoy and Matsu themselves should belong to the Chinese Communists. The Japanese know, however, that the US is under no illusion that it could attract the support of either Japan or SEATO in this islands dispute involving Chiang Kai-shek and Mao Tse-tung, unless global eruption occurred to magnetise everyone in the fray. Japan is a practical nation and is quite aware that for her own security the presence of American armed forces in the area is still necessary. Therefore, she is not going to do anything to endanger her own

well-being, no matter the cries and shouts of opponents to her present policy. It should be noted here, too, that in September it was announced in Tokyo that a three-man group of constitutional experts would go to America to consult with General MacArthur on the background of Japan's post-war constitution, for which there has been continual agitation for revision. Likewise, it should be recorded that another Girard *cause célèbre* seemed to be in the making in Japan in September, involving airman Peter E. Longpre, charged with the accidental killing of a train passenger, Sachi-yuki Miyamura. But American authorities moved quickly, pointing out that under circumstances surrounding the shooting, "the Administrative Agreement between the US and Japan governing jurisdiction leaves no alternative but to allow the Japanese to exercise their rights to primary jurisdiction." This action quickly cleared the way for a Japanese trial of the airman.

Turning to the matter of the Middle East, Japan was critical of American moves in Lebanon and opposed the presence of US troops there. But the Government did support the American proposal to the Security Council asking for the creation of a United Nations force to police the Lebanese situation, on the grounds that such a unit would allow American units to withdraw. Opposition Socialists had charged this stand as but further proof of Japanese subservience in foreign policy to the United States.

As regards foreign policy, at the end of September Mr. Kishi reaffirmed that Japan's programme was based on cooperation with free nations, and especially with the United States. But he went on to tell the Diet, in the formal opening ceremonies, that Japan looked forward to better understanding also with Peking, and that she was ever conscious that mainland China should be "engaging our special attention because of our geographical position." A statement which, of course, carried significant economic overtones.

Japan is and has been since the war inextricably associated with America in economic matters, and she realises she must continue to carry on vital economic collaboration with the US for a long time to come. This is, in fact, the most important sphere of the relationship between the two countries. For economic considerations affect the people and politics of Japan more than anything else, for the slogan that rests on reality is that Japan must "export or die." This makes for a precarious type of economy which is underlined by a kind of dependency more acute now than in the past when she was a world power. For it means that to Japan keeping alive is a very serious matter of international trade arrangements. So far as this has implications for America, the basic situation is this: If Japan cannot trade satisfactorily with the western bloc and associated neutrals, she has no recourse but to turn to other quarters, meaning the Soviet sphere of influence.

It is within this framework, and with an understanding of all that this situation implies that America tries to foster the best possible trade atmosphere. Washington realised that last September the US section of the North Pacific Fisheries

Commission voted to ask Japan to keep its fishermen from an additional 648,000 square miles of feeding grounds used by salmon spawned in Alaska. Also that Japan took voluntary action to pacify American textile interests by announcing in October that it would restrict the export of woollen fabrics to America by a quota system, holding exports to five million square yards for the year ending September 30, 1959.

Thus, to offset these actions of obvious disadvantage to Japan, and to help revitalise the Japanese economy affected by the American business slow-down, the US pushed forward with the following. In August the Export-Import Bank announced two credits of \$15,800,000 to finance production in the US of two turbine generating units for export to the Japanese. A subsidiary of the Alaska Pulp Co. Ltd. of Japan, was given a contract to construct a \$55 million pulp mill six miles from Sitka, Alaska, to supply cellulose to pulp and rayon manufacturers of Japan. The US has become the leading market for the products of the expanding Japanese automotive industry, especially for its passenger cars made by Toyota, Nissan, and Fuji. And while America continues to be one of Japan's largest customers in the shipbuilding industry, Japan has been encouraged to gain a growing share of the US camera market, with a fairly recent development being popularity of Japanese 8 and 16 millimeter motion picture cameras. In October a leading Japanese chain department store opened a branch of Takashimaya on New York's famed Fifth Avenue, while in the same month a Japanese trade mission, headed by Heitaro Inagaki, President of the Japan Foreign Trade Council, came to the US seeking opportunities to increase exports to America without causing excessive competition for American producers. The thirteen-member group of manufacturing and trade experts was warmly welcomed by American businessmen. Its purpose in general was to try and increase Japanese exports to America by about 10 percent. It was pointed out that last year the value of Japanese exports to America reached a record of more than \$600 million and they have been running slightly higher than this level during 1958. But Japan has been buying nearly twice as much as she sells to America, and last year became the second largest export market, after Canada, for American commodities.

While such developments that make for positive relationships between the two countries have been taking place, and while Japan has signed a shipping agreement with Russia, expected to result in increasing trade between Japan and the USSR from the present \$10 million to \$30 million annually; and she is seeking to establish a shipbuilding service centre in Hamburg, West Germany, in order to secure more orders from European shipowners; is broadening trade ties with India, especially in steel and heavy industrial equipment; is expanding its high fidelity and home electronics products manufacture; and noted Premier Kishi's expressed enthusiasm for the US proposal last August for a new International Development Association—a plan which ties in with a long-standing Japanese agitation for a South-East Asian programme, to assist underdeveloped nations of the region with US financing of Japanese technical collaboration—America has not been unaware of another development on the Japanese business front.

American authorities have watched the rebirth of the *zaibatsu*, the huge cartels controlled since the Meiji Era (1868-1912) by a handful of Japanese families, and which supplied the economic foundation for Japanese militarism.

Through mergers, interlocking directorates and subtle co-operation, the major groups are together again, forming giant corporations, with the three largest—Mitsui, Sumitomo, and Mitsubishi—already accounting for more than 35 percent of Japan's total commercial and industrial business. Since the Japanese Government has taken no steps (and this would hardly be expected in view of the composition of the Kishi Administration) to prevent this resurgence, in spite of anti-trust laws motivated by the Occupation, naturally Americans have not said anything either. Yet this is something that the US will watch most carefully because of the widespread ramifications the regrowth of these huge economic combines can have on American-Japanese relations.

Nuclear matters still come up for discussion, with protests emanating from Tokyo from time to time over fall-out from America's Pacific Ocean testing. In August, Japan said she would not send out any more ships for International Geophysical Year oceanographic surveys unless America suspended nuclear testing in the Pacific. But at the same time it opposed a one-year extension of Russia's IGY, reporting its opposition due to financial reasons. It did, however, applaud America's announcement that it was ready to effect a temporary suspension of nuclear tests, and concluded an atomic energy agreement with America and Britain in which she is to be assisted by them to help carry out her programme for peaceful application of atomic energy over a period of ten years. The American agreement supplants the one of November, 1955, and greatly enlarges the area for exchange of information and for cooperation with respect to technology and materials in basic research and development of power reactors, and enables Japan to obtain up to 2,700 kilogrammes of enriched and natural uranium, and heavy water.

These have been the major areas involving the two countries since midyear, but it is worth noting that significantly domestic politics in both countries have not played a prominent role in the relationship in the current period, although this was a general election year in both countries. In general, it was economic matters more than anything else that stood out. This situation was emphasised by the Japanese Ambassador to America, Koichiro Asakai, in an address before the Far East-America Council of Commerce and Industry on September 25. He pointed out the one-sided association, with Japan being in what might be viewed as the most disadvantaged position, so that with America "foreign trade is not really foreign trade at all," since Japan buys twice as much from America as she sells, and this factor underlines many other areas of her national life. Thus Mr. Asakai emphasised that "Much . . . remains to be done before we can say that on both sides of our common ocean there is understanding of what we mean to each other and what we must do, each in his own country, to realise the security all of us seek." No doubt this was a reminder to Washington that things on the economic front simply have got to be brought into a more equitable relationship. For Tokyo feels that surely President Eisenhower, Mr. Dulles, and other important people on the Potomac know that any diversion of a determinate share of Japanese trade toward the Communist world would lead to increasing economic dependence on the Communists, which can only drive Tokyo into more and more political accommodation with Peking and Moscow. And Japan asks America: Do you want that?

ASIAN SURVEY

MARSHAL SARIT'S MILITARY NEW DEAL

By A Correspondent in Bangkok

A FACTUAL analysis of internal conditions clearly shows that the latest military new deal of Field-Marshal Sarit Thanarat is undoubtedly a *coup d'état* against the political and economic failures or his own regime headed by his right-hand man, General Nai Thanom Kittikachon. That is why soon after Marshal Sarit personally took charge of the government, dissolved the National Assembly and disbanded all political parties except his own ruling *Chart-sangkhom* (National Socialist Party) which he renamed as the "Revolutionary Party" he took special care to point out to the Thai people that the take-over meant revolution and not a military *coup d'état*. He failed to produce any direct evidence to substantiate his claim that the take-over had become necessary "to meet the serious Communist threat from abroad and at home." Even if a Communist menace had existed the government could have easily dealt with it by the full-scale application of the existing provisions of the Anti-Communist Act.

Because of illegalisation Communism has remained as a negligible force in the country. The majority of overseas Chinese and Thai people of Chinese descent who constitute nearly one-fourth of the total national population have since the days of the military rule of Marshal Pibul Songgram taken rather a passive part in political activities; they have concerned themselves more with their traditional economic activities. The influence of the Chinese community therefore is not political but economic. Still, several influential Chinese groups have identified themselves either with the ruling military politics or with the opposition Left-wing Socialist Front. These limited Chinese political activities did not create any adverse situation justifying the abrupt replacement of limited parliamentary democracy with absolute dictatorial military administration.

When Marshal Sarit after ousting Marshal Pibul, long-standing strongman, installed his regime with General Thanom as Premier the political influence of Left Socialism had been decreasing. For instance, in the Sarit-organised general elections held on December 15, 1957, the Left-wing Socialist Front captured only 15 seats. In the previous National Assembly the leftists had 22 seats. Not only did Marshal Sarit permit the Left-Wing Socialist Front to function as a parliamentary opposition *bloc* but he readily allowed the leftists to visit China and other Communist countries. He also raised no objection to the publication of leftist newspapers, periodicals and books. He took a soft attitude towards Thai leftism mainly for the purpose of strengthening cordiality with uncommitted Afro-Asian countries and improving trade relations with China. Now he has labelled the leftists as Communists and pro-Communists and has detained without trial all the prominent leftist leaders. In other words he has made the leftists his political scapegoats.

All influential leftist newspapers and periodicals have

been banned. Left Socialist bookstores and Chinese schools searched, several prominent Chinese arrested and even long-standing Chinese newspapers ordered to close down. This has evoked a strong protest from the Overseas Chinese Affairs Committee in Peking which has demanded the stopping of the "persecution" of the Chinese residents. Former Premier Marshal Pibul speaking to journalists in America said that Marshal Sarit had to act because the parliament was against him, and the press, from the extreme left to the extreme right, was becoming increasingly critical. He then added that economic confusion resulting from rising prices, shortage of reserves and currency inflation compelled Marshal Sarit to impose his direct rule. The Soviet party paper *Pravda* adding another reason said that the parliamentary voice was silenced to meet the anti-Communist wishes of the United States and thereby facilitate the receiving of additional dollar and arms aid. As part of the current "stop Communism" campaign many Vietnamese residing in north-east Thailand have been arrested on the alleged ground that they were maintaining contacts with North Viet-Nam. Several followers of former Premier Pridi Panomyong who returned to the country some months ago on government assurances of non-molestation have now been imprisoned.

Following the December 1957 elections Marshal Sarit made two political mistakes — one was allowing military officers to become parliamentary politicians and the other the organisation of his *Chartsangkhom* by merging the erstwhile Seri Manangasila Party of Marshal Pibul with the Unionist Party. Thus he created a ruling opportunist political *bloc* with the consequence that the military junta rule became almost entirely dependent on its own parliamentarians who demanded stiff payments or lucrative appointments for their political allegiance. In fact during the ten-month Thanom Kittikachon rule greedy parliamentarians had earned substantial financial rewards. The "squeeze" was vehemently denounced by leftist politicians and papers and strangely enough some of the government supporters even made make-shift alliances with the leftists to criticise SEATO and Bangkok's pro-American policy. The purpose of such alliances was to force the regime to give them better payments. Synchronising with the squeeze policies the leftists renewed their demand for improving relations with China and other Communist countries and relinquishment of the SEATO-centric pro-American policy in favour of a neutral policy. In the meantime the economic situation began to deteriorate and the government conveniently alleged that the continuing distress was mainly due to the opposition of Chinese traders, merchants and financiers.

The political grafts and bickerings and the tight money situation on the one hand and the increasing popular support of the leftist attacks on the regime on the other compelled General Thanom to ask for the mailed-fist intervention of Marshal Sarit. It is noteworthy that when Marshal Sarit

staged his "revolution" United States Secretary of Defence Neil McElroy was present here in Bangkok. Marshal Sarit's Revolutionary Party has already swung to action to draft a new constitution through a Constituent Assembly. Since the proposed constitution is being drafted by a strictly military "Administrative Committee" headed by Marshal Sarit, it can be assumed that it will outlaw leftism and permit political activities only by the Revolutionary Party with former Premier Nai Khuang Aphaiwong's Democratic Party and the Royalist Party acting as liberal democratic facades. If the new economic programme can improve the financial position and stabilise the national livelihood the general populace, used to dictatorship, will reconcile themselves with the planned political rigidity which will certainly be highly disadvantageous to the economic enterprises and political security of the Chinese community.

Japan

The Vanishing American

From Stuart Griffin

(EASTERN WORLD Correspondent in Tokyo)

The US serviceman, the GI both hated and beloved, is today's vanishing American, so far as Japan is concerned. In response to a people fearful of war and a sovereignty-conscious Government's clamour for neutrality, US troops are pulling out 13 years after they waded ashore. Military bases have dropped to one-third in the six years since Japan

signed the San Francisco Peace Treaty, from 1,407 bases in April 1952 to less than 350 at the latest count.

Some 50,000 ground force troops and marines have left Japan in the last 12-month period alone. With troop withdrawals, atom and hydrogen bomb-conscious Japan can breathe more easily politically, with more difficulty economically. The threat of entanglement in East-West ideological clashes recedes, but Japan becomes the poorer as soldiers who used to spend an average of over \$500,000 a day — total of all soldiers and all expenditures — depart from Japanese shores.

And Japanese employees, once 350,000 strong at the time of the Korean War have slimmed down to but 90,000, bringing a problem in unemployment to a nation where joblessness from recession was already a problem. The departure of the 50,000 marines and soldiers brought military spending down a sharp 16 percent from the previous year.

Too many Japanese forget, in their twin desires for neutrality and sovereignty, that the US military disbursed \$446.2 million in 1957, enough to give an over-producing Japan a real export total boost, enough also to help erase an annual trade deficit hovering around the \$500 million mark. But when totals for the year are collected, with troop strength dwindled, the military contributions to Japan through yen spendings, offshore procurements, and wages will have skidded to a \$375.4 million, and overall daily spending from \$1,220,000 to \$1,028,000.

Japanese who rejoice that the face of the American has gone from such big cities as Sendai, Sapporo, Kyoto, Nagoya, Kobe and even Osaka, the second largest, and is even fading from strongholds like Tokyo and the Sasebo, Yokohama, and Yokosuka ports, must ponder this fact: that much of the evacuated real estate, rather than going to Japan's much-abused Self-Defence Forces, is becoming overgrown with weeds, a liability to a country which has too little land, too many people, and not enough funds to develop what is available. Each artillery range, manoeuvring ground, drill area, air strip, or camp that reverts to the Japanese Government means a local loss of income, a gain in local unemployment.

Still, the Tokyo authorities, fearful of a war-weary people's sentiments, of the possible presence of provocative atomic weaponry and smarting under Communist digs that a nation still "occupied" is not truly sovereign, presses for further troop redeployments. The United States has made it clear that it will not oppose revisions in the 1952 Security Forces Agreement. It merely says the initiative must come from Japan.

One of two courses seem most likely: a patchwork revision, holding true until 1960, that would pare even naval and air force strength, but would provide for US forces' recall, even army and marines, in event of either internal disorder or outside aggression, or a new pact that would set year-by-year time limits for military evacuation, at least down to a hard core residue. This latter would ensure a permanent security linkup, and with the United States footing most of the bills.

All eyes are now on 1960 as the year of decision, military-wise, between the two nations. In the meantime, the GI continues to be the vanishing American, just as Japan tries to save her face and feelings, even at the expense of an emptying pocketbook.

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Malaya

Money Matters

From Our Kuala Lumpur Correspondent

"Sir," said Malaya's tiny, waspish Minister of Finance, Colonel Sir Henry Lee, "The Federation Government regards the maintenance of public confidence in our currency to be of paramount importance and is determined not to do anything which might impair that confidence." Speaking in the Federal Legislative Council recently, Sir Henry, a Chinese by race, who is now Malaya's Chancellor of the Exchequer, won a round of applause from all sections of the House after his forthright speech on Malayan currency and its future.

And how very right too. When one looks at certain neighbouring countries with their debased and unwanted currencies, with official, unofficial and "black market" rates of exchange, there is much to be thankful for. The "lucky" red ten dollar Malayan note still holds its head high among the currencies and it would be a disaster and a disgrace if it should become cheapened in any way. The Federation Government is going cautiously before making any changes and although this may be irksome to the ultra-nationalists who feel that true independence must mean a clean sweep of anything which resembles the old order, the community generally has approved of this action.

For the time being the Board of Commissioners of Currency, Malaya and British Borneo, will continue to have the authority to issue legal tender currency in independent Malaya. The style of some of the notes will be changed in conformity with the Federation's independent status — but one trusts that as far as possible such a change will be slight. The size, colour and general lay-out of the ten dollar note is almost traditional in Malaya nowadays. Any drastic change could induce some misgivings especially among humble folk.

There is apparently not going to be a new five dollar note. No reason has been given for this decision but it would seem a mistaken one. The five dollar note is a useful form of tender, as much as the ten shilling note in Britain. The total population of the territories covered by the currency provisions is not a large one and the geographic and economic links are close indeed. Even although the whole area will be subject to continuing political changes there is no reason why these links should be weakened.

A respected currency is one of the best ways in which the

common interests of all the territories can be preserved and strengthened. To this extent, therefore, the decision that the new Central Bank should not be for the Federation of Malaya only is significant. Singapore is not to have its own Central Bank at the present time but provisions have been made in the Federation's legislation that services from its bank will be made available to adjacent territories. So while the separate territories continue their own different ways politically there will be for a long time to come a close and vital bond.

In the three months of July, August and September this year, only 1,009 people left Malaya on visits to China, compared with 2,320 for the corresponding period of last year. However, entry of alien children into Malaya is increasing resulting from their fathers taking out Federal citizenship in this country. This now enables them to bring children into Malaya up to the age of 18 whereas previously they could only bring children up to the age of 12 years. In the past three months, 800 alien children have entered Malaya from China.

Singapore

Precarious Economy

From Our Singapore Correspondent

China and Russia have been in the news during the past month in Singapore. Singapore is in danger of losing its \$40 million (£4½ million) annual entrepot trade in rice with Indonesia because China and Russia are selling 200,000 tons of rice to Indonesia in exchange for Indonesian rubber and other produce. Singapore is thus the loser in two ways: firstly, in its rice entrepot trade with Indonesia; and, secondly, in its rubber trade with China and Russia. Although the Singapore rubber market still has the support of traditional buyers like the United Kingdom, America, Europe, and Japan, during the last three months it has been virtually boycotted by China. During the first seven months of this year, China bought 43,433 tons of rubber out of a total of 606,017 sold by Malaya, a rise of nearly 70 percent on its last year's purchases. But during the last three months, trade with China has come to a standstill. The reason is that China is dissatisfied with the quality of rubber that Singapore is shipping to her and feels (probably with some reason) that Singapore is indulging in sharp practices at her expense. A rubber trade delegation representing the Rubber Trade Association of Singapore has been waiting since June for approval from the immigration authorities to go to Peking to try and straighten out the matter. But they are still waiting and, in the meantime, the barter agreement with Indonesia indicates that the China-Russia axis can do without rubber from Singapore.

It has also been noticeable recently that Indonesia has been little inclined to buy rice from Singapore, and apparently prefers to buy it direct from the producing countries. The rice which China and Russia are selling to Indonesia is from China, which is reported to have increased rice production this year by 90 percent.

Another blow to Singapore's precarious economy is the flooding of the local market with extraordinarily cheap food-stuffs and manufactured goods from China. Chinese apples are being sold in Singapore at \$4 to \$5 (between 9s. and 11s.) a case. Other Chinese manufactured goods which are even

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undercutting cheap Japanese products are textiles, radios, clocks, vacuum flasks, toys, bicycles, refrigerators and air-conditioners. Paradoxically enough, at the recent "Our Singapore" exhibition (an exhibition organised by the Singapore Department of Information Services in conjunction with the Singapore Junior Chamber of Commerce), Chinese manufactured goods were sold at a brisk rate from the stalls of local Chinese firms. To give examples of some of these bargains, an attractively-designed Chinese-made alarm clock costs only \$2.50 (6s.) and a five-valve hi-fi radio with three amplifiers only \$135 (£15 15s.). The Federation of Malaya Government became alarmed about the dumping of Chinese manufactured goods in its territory a few months back and has now clamped down on the import of these goods, describing it as "subversion through trade." Singapore has not yet followed suit.

Reference was made in this column last month to the call for the formation of a United Socialist Front by Lim Yew Hock, the Chief Minister, to fight Communism. The leaven of united socialism is now beginning to stir. Three ministers of the Labour Front Government have now publicly declared their support for the Chief Minister's proposal. They are Mr. J. M. Jumabhoy, Minister for Commerce and Industry; Mr. Chew Swee Kee, Minister for Education; and Mr. A. J. Braga, Minister for Health. They have been joined by five leading members of the Liberal Socialist Party (Lib-Socs), including Mr. Ng See Thong, former Chairman of the Lib-Socs Central Council, and Mr. Thio Chan Bee, Chairman of the Lib-Socs Executive Committee. The Vice-President of the Chinese Chamber of Commerce, Mr. Yap Pheng Geck, has also decided to chance his lot. Mr. Francis Thomas, Minister for Communications and Works, and Secretary-General of the Labour Front, has, however, decided to have no part in it. His view is that there is no need to form another party, and his panacea for fighting Communism is to strengthen and reorganise the Labour Front. Actually, it is still not clear whether the United Socialist Front (USF) will be a separate political party or merely a coalition of all those parties that are opposed to Communism. In the latter case, it would probably be a coalition of the Labour Front, UMNO-MCA Alliance, and Lib-Socs (under the banner of the USF), to fight the People's Action Party (PAP) in the coming general elections.

One distressing feature about newly independent countries, or those approaching independence, is that although they are always more than ready to denounce their former colonial masters, they have no scruples about accepting "loans" from them as soon as they have kicked them out. The Federation of Malaya Government is a good example. Colonel Sir Henry Hau Sik Lee, the Federation's Finance Minister, has just returned from a world trip in which he visited Britain, Canada, and attended a meeting of the World Bank in New Delhi, to raise money. Now details of the Singapore City Council's budget for 1959 have been published with a warning from the acting City Treasurer that the Council will not have enough money by a long way to do all that it plans. The Council has estimated that it will need \$42 million (£4½ million) next year, of which \$15 million (£1½ million) will be for capital projects generally, and \$27 million (£3 million) for expansion of the electricity, gas and water undertakings. The acting City Treasurer described the Council's financial position as "critical," and went on to say "if the Council does not obtain loan monies in

1959 it cannot finance even temporarily from revenue monies this large amount of expenditure." The acting Chief Administrative Officer suggested approaching the International Monetary Fund for a loan without apparently realising that the International Monetary Fund does not lend money for development, but is an organisation for monetary cooperation, particularly for the stabilisation of exchange rates.

The City Council has already tried to float a \$30 million (£3½ million) loan this year, but its efforts have not been very successful. To make the loan more attractive, the Council has offered a 11½ percent discount. This means that \$100 (£11 13s. 4d.) stock can be had for \$88.50 (£10 5s. 4d.). But the response is still poor.

India

Congress Committee

From a Correspondent in Delhi

The three-day Hyderabad Session of the 564-member strong All-India Congress Committee of the ruling party was more predominantly economic than political in nature. Not only did it examine dispassionately the continuing food problem but it once again decided that top priority should be given to increasing foodgrain production, key to India's industrial advancement as a modern nation. Expert discussion revealed the urgency of doubling the present yield per acre by the end of the third five-year plan due to start in 1961. In other words it was tacitly admitted that the food problem would continue to beset India during the current second plan period, even though there would be a progressive increase in the output. No wonder the session urged all political parties to treat the food problem as a national question and to tackle it on an all-India basis, forgetting the party-political barriers. To draw the national attention to the scarcity of food it was emphasised that since India had now embarked on an economic revolution after achieving political revolution which has strengthened the country's faith in democracy, it was right and proper that the people as a whole should work to make it a success with food self-sufficiency as the principal objective.

The session appointed a 15-member committee for detailed examination of the whole issue of agricultural production and land reform. The report of the committee will be studied by the AICC and its findings will be embodied in a resolution to be approved at the annual session of the Indian National Congress to be held in Nagpur in January. This means that the next Congress session will devote primary attention to discussing the economic conditions of the country. Prime Minister Nehru, who stressed the importance of planning for building up a new India was satisfied that the Hyderabad meeting had a "working class look." He urged Congressmen to discard outmoded ideas and adopt new scientific, socialist methods to solve the economic problems of the nation. He said only hard work could cure the economic ills. India's industrial progress could be assured not by copying foreign techniques but by applying such techniques suited to Indian conditions and environments. The huge idle manpower should be utilized for insuring industrial strikes and combating the high rate of unemployment. It



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was disclosed that it would not be possible to provide additional employment to more than 6.5 million persons by the end of the second plan. Even this figure might not be achieved fully because during the first two and a half years of the plan it had been possible to provide additional employment to only 2.5 million persons. Thus, along with the food shortage, the unemployment problem will continue to react adversely on the planned industrial straddle of the nation.

The AICC Session assailed the Communist administration in Kerala state. The impeachment showed that the Nehru Government was beginning to feel that a Communist government could not function democratically in any part of India. The session expressed its concern at the continuance of a state of insecurity in Kerala and the prevalence of attacks and murderous assaults. It characterised the administrative policy of the Communist administration as discriminatory and not in accordance with the rule of law. There is no doubt that at the time of the Nagpur session of the Congress, the party leadership will take up a stern attitude towards the Indian Communist Party. Mr. Nehru appears to be extremely dissatisfied with the improper handling of the Kerala people. His point of view is that he will not object to the Communists governing a state so long as they conform to the provisions of the democratic constitution of the country. He feels that in Kerala too much stress is being laid on communising the state at the expense of its well-being. Congressmen throughout India have been instructed to intensify their contacts with the masses with a view to curbing the political influence of the Communist Party.

Meanwhile, despite Peking efforts to expand Sino-Indian trade, the turnover remains negligible compared with the overall foreign trade outturn of India. Still, China has increased its exports and has piled up a small favourable balance. Last year India had an adverse trade balance of Rs.1.17 crores (one crore equals £750,000). While exports from India to China were valued at Rs.3.69 crores, imports from China were worth Rs.4.86 crores due to increased purchase of rice and newsprint.

Australia

Two Crucial Issues

From Charles Meeking

(EASTERN WORLD Canberra Correspondent)

Within the lifetime of the newly-elected Parliament the Australian administration and the Australian people will have to come to grips at last with two largely-neglected problems. These are some real cooperation in promoting and maintaining stability in the adjacent South-East Asian countries and a true effort to provide manufactured goods in suitable quantities at reasonable prices for the Asian markets.

The two problems are interlocked, and the future prosperity and even existence of Australia may well depend upon successful solutions being found. There is reason to believe that both sides of politics are now awakening to the fairly grim realities of the situation, although there was little evidence of this in the recent election campaign, in which domestic issues were predominant.

Despite the dogmatic reassertion by the External Affairs Minister, Mr. R. G. Casey, that Australia would continue to

support Dutch sovereignty in West Irian, the Indonesian Foreign Minister, Dr. Subandrio, has agreed in principle to accept an invitation to visit Canberra for badly-needed talks on Australian-Indonesian relationships. This hopeful development can be linked with growing and influential awareness in Australia of the implications to this country of our official opposition to the Indonesian claim to West Irian, and also with published reports from some acute observers that the anti-Communist rebels still fighting some rearguard actions in Indonesia may be brought together in an honourable compromise with equally anti-Communist elements in the central Government in Djakarta. The Australian Trade Commissioner in Malaya, Mr. T. K. Critchley, who has many friends on both sides in Indonesia, has been mentioned as a possible mediator.

The dangers inherent in the West Irian matter have been underlined by Indonesian reactions to the recent discussions in Canberra between Australian and Dutch officials on the development of the whole island, and they will be increased as a result of the oil strike in Australian Papua. In spite of Australian and Dutch denials, there were reports overseas that a defence pact had been made. The Minister for Defence, Sir Philip McBride, said these were "pure invention," and added: "There is no defence agreement in existence or under negotiation." The Indonesian Ambassador in Canberra, Dr. A. Y. Helmi, warned that none of the countries surrounding New Guinea, with the exception of Australia, agreed with the continued Dutch occupation, and that many Dutchmen were unwilling to spend large sums on the territory with no prospect of any return. Dr. Subandrio has said Australia would be unwise to seek an alliance with a colonial power on the question with the aim of opposing Indonesia, especially if such an alliance bore a military aspect.

In the meantime, a little attention is being given to a suggestion from a university source that Australia should propose the formation of a Federation of Melanesia, comprising the whole of New Guinea and the British Solomons. Supporters of this plan admit, at least, that white settlers must realise that there cannot be permanent white domination of New Guinea.

New Guinea still figures in some of the current discussions on defence policy, but the lessons are sinking in of the recent meeting in Australia of the Commonwealth Advisory Committee on Defence Science. That committee, in addition to looking at the principles of the new weapons, including intercontinental missiles and nuclear-powered submarines, considered how civilian populations could be fed

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at times when overseas and internal communications might be cut suddenly and when large food storages might be contaminated by radioactivity. Agricultural developments, remote storages, including the Antarctic, the protection of water supplies and associated problems were also considered.

On the economic front, Australia faces a critical year. Prices of wool and base metals are still low, industrial production is up but patchy, there are pockets of drought, overseas freights on meat are going up (affecting the newly-found market in North America), and exports to Asia are still far below the levels hoped for some time ago. There is talk about winning the Indian wheat market (in the face of American and French subsidised wheat), and some minor trade pacts have been made with Malaya and Ceylon. At the same time the urgent problem of Australian development are still far from solved, and it may be two decades or more before thermo-nuclear power offers a real prospect of realisation of Professor Marcus Oliphant's prediction that the Australian continent may one day be the home of hundreds of millions of people.

There have been two other thought-provoking statements recently. One of the most prominent Australian stockbrokers has declared that Australians should invest in Far Eastern countries to encourage establishment of new enterprises.

The professor of political science at Melbourne University, Professor Macmahon Ball, has said that young Australians "must realise that Asia is the centre of the world," that all political leaders with stereotyped ideas should be retired at the age of 40 (Mr. Menzies and Dr. Evatt are both 64), and that Australians must learn Asian instead of European languages. There is something to be said for these ideas. It is certainly a good thing that they are being said.

United States

Old Guard Dismissed

From David C. Williams

(EASTERN WORLD Washington Correspondent)

What does this year's American election signify for the course of American policy in Asia? The most widely noticed event was the removal from political life of Senator Knowland of California, long known as "the Senator from Formosa" because of his loyalty to the Chinese Nationalist cause. Foreign policy was not a major issue in this year's campaign, either in California or elsewhere—and the voters rejected Knowland for reasons other than his views on China. Nevertheless, Knowland's swift transition from the possible Republican Presidential candidate of a year ago to the political has-been of today is a major loss to the dwindling band of fanatics who have frozen America's China policy in its rigid and obsolete pattern.

On the positive side, it may be noted that here and there, in places as widely scattered as Wyoming and Vermont, successful Democratic candidates had, in the course of their campaigns, called for a fresh look at Far Eastern policy and even for the recognition of Peking. Again, it would be wrong to say that this was a major reason, or indeed any reason at all, for their success. Nevertheless, it proved that the breach of silence on this issue can no longer be considered certain political suicide.

For India, the election of former Ambassador Chester Bowles to the House of Representatives was a notable event. With former Ambassador John Sherman Cooper already a Republican Senator, India has eloquent and informed friends in both parties and in both branches of Congress. Notable also was the re-election of D. S. Saund, the first American of Indian birth to enter Congress.

The event, however, which is likely to have most effect upon the Eisenhower Administration in its final two years is the election of Nelson Rockefeller as Governor of New York. For it was Rockefeller who, in the early years of the Administration, waged a determined battle for a really adequate and imaginative programme of economic and technical assistance to the underdeveloped areas of the world. Rockefeller's devotion to this goal long ante-dated the Eisenhower Administration. As an official of the Roosevelt and Truman Administrations—one of the ablest Republicans in these Democratic Administrations—he had long taken a keen interest in the economic development of Latin America. (He even went to the trouble to learn Spanish—a fact which paid big political dividends when he was able this year to address the large Puerto Rican colony in New York City in its native tongue).

He was one of the first to welcome President Truman's proposal of worldwide technical assistance as "Point Four" of his 1949 Inaugural Address—seeing it as a further development of the success of technical assistance in Latin America. Indeed, he put up a large portion of the funds to finance the first—and the subsequent—national conferences which have been held in support of overseas aid. He had less success, however, in the Eisenhower Administration, even though he held one of the principal posts in the White House. The hard-headed businessmen who dominated the Administration, particularly Secretary of the Treasury Humphrey, regarded him as a dilettante of great wealth and abundant good intentions, but of no political consequence. Their resistance to his proposals was so stubborn and so effective that he finally decided that he could not accomplish anything significant, and resigned his White House post.

It was from this experience that his determination to show that he could win real political power had its origin. Now that he has demonstrated that he is the most attractive and effective political personality the Republican Party possesses, his influence upon the Administration is likely to be much greater.

The Eisenhower Administration had, in fact, already been moving in the direction of a very substantially increased overseas aid programme. The chief danger may now be the unfortunate tendency of President Eisenhower to take seriously the arrant nonsense he was persuaded to talk during the campaign. His angry statement to his first post-election press conference—that he would continue to fight the "radical spenders" whom he denounced during the campaign as threatening the nation with bankruptcy—is likely to be thrown in his teeth again and again during the next session of Congress, particularly if he comes forward with an expanded overseas aid programme.

For America, and for the world in general, the biggest gain of the election is the virtual elimination from the Senate of the reactionary "Old Guard" Republicans. With the single exception of Senator Goldwater, not one survived—and the Senate Chamber will be a different and much better place for their disappearance.

Recent Books

ASIAN SOCIALIST MOVEMENT

Socialism in Asia by ALEX JOSEY (Singapore: Donald Moore, 7s. 6d.)

Within the brief compass of 109 pages, the author presents a lucid picture of the origin, development and problems of the Socialist movement in Asia. Tracing the history of Asian Socialism from the first meeting of the Asian Socialist parties in Rangoon in January, 1953, when the basic articles of their common objective were drawn up under the title of "The Resolution and Principles and Objectives of Socialism," Josey succeeds where mammoth tomes financed by endowment funds have proved unhelpful. This gathering of Asian Socialists was the outcome of a preliminary meeting of representatives of the parties of Burma, India, and Indonesia, held in Rangoon in March 1952. The Second Congress of the Asian Socialist parties in Bombay in November 1956, yielded a fuller exposition of their ideas. They adopted a constitution, and issued from all the eleven Asian parties taking part a collective statement which is regarded as the fundamental declaration on Asian Socialism.

In presenting the basic documents, illuminated by brief and penetrating comments, the author has done great service

to all who are interested in Asian affairs. He sums up as follows what Asian Socialism stands for:

... it is a compound of sensitive, if not aggressive nationalism; fierce and ever-watchful opposition to any form of imperialistic or totalitarian colonialism; resentment against the material and educational poverty which colonialism produced; and an urgent, if not always a coherent, determination to achieve rapid economic development through a mass collective effort based upon democracy, justice and the maximum of personal freedom ... Thus Socialists and nationalists generally—and in Asia a Socialist is first a nationalist—automatically opposed capitalism because they opposed colonialism with which it was associated.

The Bombay Congress was attended by a number of delegates from non-Asian Socialist parties, and attempts were made to turn the organisation after the western pattern into an anti-Communist centre. The Asian parties, however, while expressing strong anti-Communist sentiment, declined to be diverted from their regional socio-economic problems. U Ba Swe, then Prime Minister of Burma and Chairman of the Bombay Congress, writes in a foreword that Mr. Josey "as a friend of Asian Socialism" had access to official copies

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of speeches, Congress papers, and other documents, and expressed the hope that his book would help to make and explain what responsible Asian Socialist leaders "think and plan and hope—and believe in." The Burmese leader's confidence in Mr. Josey is thoroughly justified by this sympathetic and well-written book.

K. P. GHOSH

Captive Kashmir by AZIZ BEG (Lahore: Allied Business Corporation, 10s.)

The well-known viewpoints of Pakistan on the thorny Kashmir problem are re-told in this volume. It sums up that India should facilitate the handing over of Kashmir to Pakistan. It vehemently attacks Prime Minister Nehru for obstructing the union of Kashmir with Pakistan and quotes copious pro-Pakistani international press statements to aver that international opinion is on the side of Pakistan. The book is one-sided. It lacks objectivity. The author does not suggest any new plan to solve the protracted issue, nor does he look at it in a dispassionate manner. His entire approach is emotional and bitterly anti-Indian. He blames the UN Security Council for the prolongation of the Kashmir problem. This sort of book does more harm than good to Pakistan. The case of Pakistan in respect of Kashmir should be presented in a logical manner so that the aspirations of that country could be understood by the thinking people of the world not through the medium of political self-interest but through the medium of cogent reasoning, factual appraisal and discerning argument. An impartial reader who has no sympathy for India's stand on Kashmir will not certainly be influenced by this hate-fostered propagandistic book.

M.B.D.

Problems of the New Commonwealth by SIR IVOR JENNINGS (Duke University Press. London: Cambridge University Press, 19s.)

In this work Sir Ivor Jennings draws some conclusions arising from his earlier studies, *The Commonwealth in Asia* (1951), *The Approach to Self-Government* (1956), and *Constitutional Problems in Pakistan* (1957). This latest book reproduces three lectures delivered before academic audiences at the Duke University, North Carolina, in April 1957, in which he deals with the political problems presented in practical government by the four new Commonwealth countries, India, Pakistan, Ceylon and Malaya.

The complex issues of these countries, nationalist and socialist as well as social, political and economic, are shown to be closely interrelated. Yet among much that is factually valuable, Sir Ivor commits far too many of the historical inversions, so frequent from former administrators of empire, and so utterly absurd in Asian ears. For example, he writes that Asian nationalism has "a distinct Victorian or nineteenth century aroma" to an Englishman, and continues, "It is, in fact, old-fashioned British imperialism in a new guise, though it is antagonistic to British imperialism."

From his first-hand experience in helping to draft constitutions for Pakistan, Malaya and Ghana, and in work relating to the proposed independence of Nigeria, the author is very conscious of his own authority in laying down the preconditions to independence for the colonies. He lists four:

1. Existence of a sufficiently large group of educated politicians to whom power can be transferred.
2. "Balance of power" among the various communities

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It should not surprise the British public if the colonial peoples feel indisposed to regard Sir Ivor as an ardent friend of their national aspirations.

K.P.G.

Japanese ("Teach Yourself" Books) by C. J. DUNN AND S. YANADA (*English Universities Press, 10s. 6d.*)

It is fairly easy and very ungracious to pick holes in a grammar of this nature. The aim of the authors is to enable the reader to speak Japanese: this being so, they were right to jettison the character, with the promise, however, of a further volume in the near future which will cater for the would-be reader and writer of Japanese. But there is perhaps, less reason for ready agreement with the choice of the romanisation system: the "kunrei," with its "ti" for the Hepburn "chi," "tu" for "tsu," and so on, is all very well in the lecture room (where much of this material was created and has been happily practised) but it is a different matter in the case of the isolated student without a teacher who is provided only with a brief note on pronunciation on page 3 which he must remember throughout the book.

The work is divided into thirty lessons which contain grammar notes, vocabularies and translation exercises; there are a further twelve extremely valuable conversation pieces and useful appendices which cater for verb forms, numerals and romanisation. Keys to the exercises are followed by a glossary—Japanese-English. (One would have thought that for the speaker of Japanese, English-Japanese might have been more useful and appropriate, especially as the vocabularies to each lesson are also arranged under the Japanese word).

A more comprehensive explanation of the structure of the language right at the start and some reference to a standard text book of grammatical terms for the benefit of the rusty reader who needs to be refreshed on the meaning and scope of "noun," "adjective" and the like, would have made for a tidier book and more concise explanations.

GEOFFREY BOWNAS

Nine Dayak Nights by W. R. GEDDES (*Oxford University Press, 42s.*)

Written in a sympathetic manner, shorn of scholastic and technical discussion, this book describes the life and culture of the little-known likeable but interesting people inhabiting the interior region of Sarawak. These simple people are called "Land Dayaks" and Dr. Geddes in making a socio-economic study of them comes to the conclusion that they are the finest people in Borneo. The Land Dayaks are quite different from the Sea Dayaks, though both groups live inland along the rivers and not very long ago had been practising head-hunting. The former, a smaller but more anciently Bornean group, number in Sarawak about 40,000, while the latter, the largest group, number about 190,000. But both have quite different personal natures and social behaviours. The author spent two years living in the remote village of Mentu Tapuh, a hundred miles inland from the capital city of Kuching, among the Land Dayaks. The book is the product of his on-the-spot observations as an anthro-

polologist. Not only does the author portray vividly the customs, the fears, hopes and beliefs, the legends, songs and humour of the people but he makes a masterly analysis of the social order and animism of the Land Dayaks.

A.L.

Through Primitive New Guinea by STEN BERGMAN
(Robert Hale, 18s.)

Dr. Bergman, an internationally known Swedish naturalist and traveller, gives in this volume a realistic camera-view of what he saw in the remote areas of Dutch New Guinea during his third visit there since the last global war. He mixed with the primitive tribes, observed their rituals and ways of living and caught rare birds to add to his collection of birds-of-paradise. He emphasises that with its immense jungles and savage mountain areas, its primitive peoples and wealth of animal life, the huge tropical island of New Guinea will for a long time remain a lodestone for explorers. Its hot jungles hold many secrets that have yet to be discovered. In them still live peoples of the Stone Age with the queerest customs; there are strange pygmy people and tribes that practice cannibalism and head-hunting, and many plants and animals of which science is ignorant. Talking about these "lost world" peoples he says that they never wash and they use cowrie shells as their medium of exchange; the men's only article of dress is a piece of string and a calabash and they are expert bowmen; but the women can beat them when it comes to paddling their dug-out canoes. Dwelling on rare birds of New Guinea Dr. Bergman devotes special attention to describing some of the strangest nests. For instance, he explains that some of the strangest nests are those that the little woodpecker parrots and certain kingfishers carve out of the nests the termites build up in trees, and in those the young birds are reared among thousands and thousands of termites, which apparently bother neither the young birds nor their parents. He concludes his fascinating travel book by saying that the giant heaps of earth, which the brush-turkey uses to hatch its eggs in the heat generated by the decomposing vegetable matter, instead of sitting on them itself, must be one of the strangest of all nests.

L.A.

Islamic Occasionalism by MAJID FAKHRY (Allen & Unwin, 21s.)

Occasionalism is defined as the belief in the exclusive efficacy of God, of whose direct intervention the events of nature are alleged to be the overt manifestation or "occasion." The Islamic variety of this belief is not without parallel in the general history of philosophy. Dr. Fakhry admits perhaps the credit for formulating a systematic statement of this view, which comes very close to the Islamic conception, should be assigned to Malebranche (d. 1715), the great disciple of Descartes, with whose name occasionalism is commonly associated. This scholastic work traces the story of the transmission of Islamic occasionalism to the Latin west through the intermediary of the Jewish theologian and philosopher Moses Maimonides (d. 1204). It also surveys the historical development of this occasionalism from the beginnings of the ninth century until its first crystallisation into a definite orthodox creed in the Middle Ages. In this connection he discusses the devastating attack on occasionalism launched by the great Arab-Spanish philosopher Averroes (d. 1198) and that by St. Thomas Aquinas (d. 1274). The volume provides an intellectual exercise for

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those who desire to appreciate and understand the conflict of thoughts prevailing in the Middle Ages between Latin and Muslim philosophers.

A.S.B.

American Contributions to the Strategy of World War II by SAMUEL ELIOT MORISON (Oxford University Press, 12s. 6d.)

Here is still another defence of American strategy in the last war, stated in clear and simple terms. Mr. Morison claims that American insistence, against continued British objection, on having things their own way turned out in the end to be for Britain a blessing in disguise. With the authority behind him of having written eleven completed volumes of a *History of United States Naval Operations in World War II*, he declares that "but for the unremitting and often tactless pressure" by American leaders to open the European front in June 1944, "London would have been laid flat by the V1 bombs and V2 rockets." He doubts if Britain "could have withstood an accelerated and intensified V2 offensive in 1944-45."

His final verdict remains, however, that notwithstanding all the friction, the Anglo-American alliance "forged in the fire of necessity, was the most successful Grand Alliance in history." Despite such dangerous lesions as that developed in 1956 over the British attack on Egypt, he regards it as also "the greatest, if not the only guarantee of peace in the world today." The judgement is, of course, based on the assumption that the global political objectives of Britain and America must remain always identical and unalterable.

K.P.G.

A JAPANESE DIVERSION

By Geoffrey Bownas

"**R**AMBURU" is the nearest that the Japanese, with their inability to sound the letter "l", can get to "L'ambre," the name of a "music and coffee" house in the part of Kyoto near to the compound of the old Imperial University. It caters primarily for undergraduates who form by far the greater number of its patrons. ("L'ambre" is the most likely version I can think of; "Rumble" or "Ramble," the best of a long list of other possibilities, since "v" becomes "b", and no western language is barred in this sort of thing—though French is preferred—are not quite the kind of name that even a Japanese would apply to a coffee-shop).

Like all establishments of its kind, "Ramburu" has its own match-box, the name boldly printed and in a dull, sombre brown (amber gone wrong?) which reflects precisely the tenor of the place. There are two floors: downstairs, a small room with a few tables placed well apart, the atmosphere light and airy; but upstairs, where the music comes from, is the very opposite. There are chairs, too low and not quite roomy enough for comfort, ranged in pairs and with anti-macassar-like covers draped over the back. They all face the same way and between each pair is a table. So you all face, homage-like, an outside microphone and over it a card bearing the name of the work that is being relayed from the even darker box studio into which the girl in charge of the gramophone disappears the moment she has changed the card. Behind the loudspeaker and above it there are busts of Brahms and Bach who frown sternly down at you. The room is dark and airless, for the windows are all closed so that the din of the traffic on the road below and the screech of the city trams as they shoot down the incline past the university and clatter over the points on their way to the centre of the city, should not interrupt the enjoyment of the audience and remind them of the cares of life outside. The lighting, what little there is of it, is multi-coloured and is played up on to the ceiling from a dusty ledge over the seats; in the short pause between records, you notice the whirr of the fans, mounted on the same ledge, as they churn the stale and smoky air back at you. You order your coffee through a little hole of light at the top of the staircase as you go up, then, two or three minutes after you have sat down, one of the waitresses creeps in, lowers it gingerly on to the glass-covered table, slips the bill under the saucer and slinks off again to her stand by the hole of light. You reach for the sugar. Thank goodness it is not lump and you can get by with a quiet, cautious sweep round the middle of the cup; for the seven or eight other people who were there before you are all sitting rigidly forward, their elbows on the glass and bunched fists supporting their cheeks. The reflected light flashes on their spectacles—they all wear them—and although it is too dark to see with certainty, they all seem to have their eyes closed, their heads raised slightly towards the bust—"Grant us, O Brahms, thy sense of tragedy."

We were half-way through the "Pathetique" as I went in. I soon realised that I had sat far too near the lavatory to allow of any wholehearted concentration on the music. At the end of the symphony, I slipped as quietly as I could to a seat nearer Brahms—and nearer the loud-speaker; as always, the volume was too high, and on any loud or high note there was a violent grating. Next came the "Tragic Overture" and at the end the card over the speaker was altered to read "We shall now play your requests." Soon after, the girl was passing, so I plucked up courage, shattered the silence and asked for anything by Vaughan Williams, who is corrupted into something like Boan Uiri-yamusu in Japanese. She had clearly never heard of him, didn't understand what was going on, and fled. But the damage had been done; the seven heads were raised from their fists in astonished

resentment and seven pairs of eyes shot open and were turned on this foreigner who presumed to intrude on their tragic orgy. So I buried myself in the programme for the month, headed "Record Concert" (in English) and "Ramburu" (in Japanese). It was chock-full of tragedy—"Romeo and Juliet" one day, the "Tragic Overture" the next; then, after a Mozart interlude, the Fifth, "Missa Solemnis," then the "Pathetique" and Liszt's "Dance of Death" on successive days; (I later found out that the correct procedure for requests, which are played after the billed programme of the day, was to deposit them in writing at the hole of light as you came in).

At the head of the programme was the announcement of "Our 18th Midnight Record Concert," to last from midnight until six in the morning—"in answer to your urgent and repeated requests. There will certainly be a big run on tickets, so please book your seat well ahead and avoid disappointment." The price of a ticket was 120 yen (2/6d.), including coffee and a cake. The programme was to be "popular music (details to be announced soon)"—I should think so! In the cold grey dawn after five hours of the stink of that lavatory, Mantovani would be about all that you would be capable of taking. But perhaps I had misinterpreted "popular." Perhaps it meant not Mantovani or something light, but "music in popular demand by our patrons" and was in fact a cover term for another dose of Tragic Overtures and Pathetiques.

"Ramburu" is not an isolated instance; it is in the general run of these "famous music and coffee" houses of which there is at least one in any sizable town and scores in a place like Kyoto with all its universities and its undergraduates hungry for tragedy, eagerly gulping down the pathos that the management doles out. "Ramburu" itself is the Kyoto branch of a Tokyo concern with five shops in the capital and the management knows as well as anyone what the student wants, for its patrons, like those of similar establishments, are almost all students, serious, not taught or encouraged to laugh and, in fact, with precious little to laugh about. Student life is grim; the average student tries to get by on something like £5 a month, most of which he gets from spare-time work—"arbeit," he calls it—and, in a way, the West ought to feel highly flattered that he sees fit to spend 2/6d. on his coffee and its music even once a week—for this outlay amounts to something like a tenth of his income—and regards this, with the West's films, as his major relaxation and as the one highlight in the dull and drab everyday routine.

For the student everything is hard to come by—his money, cheap digs and food, a good and well-paid spare time job. Then there are the problems of examinations; there's an almighty scuffle in the first place to get into the university, as big a one to get a degree and a job after it and the chances of something rewarding, intellectually as well as financially, at the end of it all are pretty slender. In his lecture room, where he is encouraged to be a good listener, a good transmitter of others'—and especially his own teacher's—bright ideas (Confucius had said of himself, "I transmit and do not create"; the Japanese undergraduate might well take this as his motto) and where his teacher treats him as just another body to be read to, for the goal of the monthly pay packet, the frustration of it all is pent up. Then, somewhere like "Ramburu," it bursts its banks, streams out and mingles with the tragedy flowing the other way from the loudspeaker. And then, something of a catharsis, which Haydn or Handel perhaps cannot achieve and which, in this post-war undergraduate generation, Japan's own arts, her theatre, Kabuki, *No* even, her music and her dance are powerless to evoke.

Economics and Trade

HONG KONG IN TRANSITION

Our HONG KONG Correspondent, LEWIS GEN, has sent this special report on the changing economic conditions in the Colony.

BUSINESSMEN here are again grumbling about dull business. According to the recent statement of Mr. Kao Cho Hsiung, Chairman of the Chinese General Chamber of Commerce of Hong Kong, because of the effects of western economic crisis, the business of this colony recorded a fall during the first eight months of this year, both in imports and exports—HK \$141 million less for the one, and HK \$572 million less for the other than last year during the same period. The pro-Nationalist papers would have people believe that it is all due to the dumping of Chinese goods from China, but the left-wing papers assert that depression in the United States and Europe is the main cause. The truth, however, seems to be found somewhere in the middle.

With light industries surging up in China at an unprecedented speed, more and more articles of daily life have found their way into the Hong Kong market. Besides vegetables, poultry and pork (on which Hong Kong has long depended), fruits and canned food have already replaced a large portion of the same items imported from abroad. Of the coal and cement used in this colony, now more than half is supplied from China. Fancy cloth, shoes, even wool and woollen clothes have also made a firm footing in the Hong Kong market. Of other items, such as fountain pens, radios, sewing machines, electric fans and books of non-political nature, also have a big sale here, though things like cameras and bicycles still serve as no more than samples. All these things sell at least twenty percent cheaper than either foreign or locally made goods; and this, of course, proves no small benefit to the working class. As such consumer goods increase rapidly both in variety and quantity, quite a number of local dealers in foreign goods naturally lose a part of their business. This trend has a tremendous effect upon the outlook of the local Chinese community — the dealers as well as the consumers — and will finally make Hong Kong, originally an entrepot for foreign goods, an entrepot for goods made in China. About this it is worth mentioning a small but significant incident that occurred here recently. For several years, due to internal opposition, the Chinese General Chamber of Commerce here celebrated the National Day without hoisting the Chinese Nationalist flag; but on October 1 this year the five-star flag fluttered proudly upon the roof of its building.

To understand the real situation in this city, we should never overlook the great fact that Hong Kong has rapidly, during the past twenty years, changed into a partially industrialised city, and that the industrial products are exclusively or mainly for foreign markets: South-East Asia, Middle East, Africa, Europe and the United States. Only conditions favourable or adverse in these countries can affect Hong Kong's business to an appreciable degree. Therefore, it is just to say that the present slump is

fundamentally due to the effects of the western depression. For instance, dockyard and shipping business, which depends almost exclusively on trading with countries other than the continent of China, are now both at a low ebb, with 34 ships of a total net tonnage of 59,998 lying idle in the Hong Kong harbour at the end of September.

However, it comes as a kind of comfort to say that the present slump in Hong Kong appears to be largely seasonal, and that things begin to brighten up. Imports and exports for September already show an increase. According to reliable reports, orders for cotton cloth and cotton yarn already received may keep the local mills in full operation till next April and the end of this year respectively; and we should remember that workers engaged in cotton industry represent the largest number among local workers. The prospects are so good that the leading cotton mills are reported to have plans to put in more than 28,000 spindles in the near future.

Besides the flooding in of various kinds of consumer's



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goods from China, there is another new phenomenon quite worthy of notice — the steady out-flow of skilful industrial workers into China. Unemployment has long been a serious problem with Hong Kong and, roughly speaking, about half of the workers find employment, and even these can work only three or four days a week. Moreover, it is a notorious fact that the wage in Hong Kong is probably the lowest in the world — from six to eight HK dollars a day of skilful workers, actually about 180 dollars a month; women and unskilled workers, generally below three dollars. But this chronic problem now finds a new relief, because China, in its nation-wide industrial construction, has become an inexhaustible source for absorbing the surplus workers from Hong Kong. During the past year one heard almost every week of groups of industrial workers going back to China with their families — including engineers, ship-building workers, gas workers, masons and automobile drivers. In fact so many drivers have gone back to China that the taxi-companies here begin to worry about it. When the close down of the naval dockyard here was announced at the beginning of this year, it was generally feared that this would cause much social disturbance; but the fact that the gradual close down of the plant has proceeded smoothly is in no small measure due to this outlet. The quiet departure of the workers, it seems, was all well arranged; and those who needed it reportedly received various sums of money for travelling and resettling expenses; and among these are some who received high pay previously in Hong Kong.

This colony, however, has fear from another source. Since the arrival of the Lancashire delegation at Hong Kong

early last month, seeking voluntary restriction on cotton goods exported into the United Kingdom, it has cast a gloomy shadow on the mind of the local businessmen, especially those connected with textile industry. For this industry represents the main section of Hong Kong industries, and gives more employment than any others. It is almost solely due to cheap labour that enables Hong Kong cotton goods to compete with the advanced countries in the world market. It is ironical enough that Lancashire textile industry, which in the nineteenth century represented the vanguard of western capitalism in the invasion of Asia, should be now hit by Hong Kong which has served as an entrepot for English goods for so many years. As the negotiations have proceeded largely within closed doors, the public does not know exactly what has been going on. But it seems neither the ceiling quantity nor the kinds of goods (whether grey cloth only or finished goods and garments also included) to be restricted has reached a final agreement.

To the Hong Kong firms this is a life and death question, and those who undertake the negotiation are therefore rather reluctant and very cautious. What the Hong Kong firms further fear is that the acceptance of the British proposal will invite other countries, as France has already announced, to do likewise. Judging by the situation some sort of agreement must be reached upon mutual compromise, but it cannot solve the problem completely for either; for on both sides it must be solved in a wider scope. Apparently the Lancashire surplus workers must be absorbed in some advanced industries, while the Hong Kong workers should not be made to rely upon cheap labour for ever. But this involves worldwide readjustment. Meanwhile as the market for Hong Kong industrial products in the South-East Asian countries is becoming small due to restriction on foreign exchange for imports, the local businessmen connected with textile industry are really full of worries; and it is on account of this that a semi-official mission was recently sent to Latin America to explore new markets for local manufactured products.

The Japanese Minister for International Trade and Industry, Mr. Takasaki, recently commented on reports that although trade between Japan and Communist China had been suspended since the spring, it was actually going on through Hong Kong trade channels. His subsequent remarks indicated his endorsement of maintaining such trade through Hong Kong. He said that if such reports were true it was one means of settlement in Japan-China trade. The Minister further revealed that he had received quite a number of letters from trading establishments in Hong Kong which wanted to conduct trade with Japan. He said that these firms were believed to be acting on behalf of Communist China. He thought that this was an indication that there was a move within China for a resumption of trade with Japan.

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JAPAN'S TRADE WITH SOUTH-EAST ASIA

ACCORDING to the foreign exchange statistics of the Bank of Japan, Japan's trade with South-East Asia in the first half of 1958 amounted to 433 million US dollars in exports and \$290 million in imports. These figures show a decrease from last year more noticeably in imports, because of a reduction of the importation of raw materials, such as textile materials, metals, minerals, crude oil, wood, etc. from South-East Asia. However, Japan's exports to South-East Asia still comprised 32 percent of her total exports in the first half of this year, a decrease of a mere 1.7 percent from 33.7 percent for the corresponding period of last year.

Japan had to make a drastic curtailment of her several imports, and her imports from South-East Asia also registered a decrease as mentioned above. But their percentage of Japan's total imports increased by 2.8 percent over 20.7 percent for the corresponding period of last year. It will be seen, accordingly, that Japan's imports from South-East Asia were not decreased as much as those from other areas.

Japan's exports to Philippines, Singapore, Thailand, Viet Nam, and Cambodia greatly expanded last year and maintained the same level this year. However, her exports to Burma, Hong Kong, India, Indonesia, and Laos, are decreasing, owing to the effect of recession in America and Europe and the seasonal decrease in demand. The increase of Japan's exports is due in large measure to the increase of demand for consumer goods and the relaxation of discriminatory measures against Japanese goods. Her exports decreased where the importing countries suffered a shortage of foreign exchange, as a result of the abrupt increase of imports last year for their domestic economic programmes.

The principal items exported from Japan to South-East Asia are textiles, machinery, metal goods, chemicals, etc. Japan's cotton goods are exported in large quantities to Burma, Pakistan, Hong Kong, Singapore, Indonesia, Philippines, and Thailand, but are confronted with stiff competition of Communist Chinese goods in Hong Kong, Indonesia and Singapore. Japan's artificial fibre goods are in a better position than her cotton goods in Pakistan, Hong Kong, Singapore, Indonesia, and Thailand. Her woollen goods continue to be exported to Hong Kong and Singapore, but they do not sell as well in other parts of South-East Asia. Chemical fertilisers are mostly exported to India and Formosa. Their

export to other parts of South-East Asia is likely to increase, slowly but steadily. Metal goods are being sold in such traditional markets as Singapore, Indonesia, Philippines, and Thailand. Iron and steel are exported to India, Thailand, Pakistan, and British colonies.

In terms of foreign exchange statistics, the exports of rolling-stock, ships and heavy machinery are decreasing, since some of them are exported as part of reparations. Spinning and weaving machines are mostly sent to India, Pakistan, Philippines, and Formosa. Most of the sewing machines go to British colonies. Chinaware is shipped only to British colonies.

Imports from South-East Asia to Japan showed a decrease as mentioned above. Rice was bought mostly in Formosa. Its import from Thailand and Burma has gone down, owing to a decrease of demand for foreign rice. More than 200 thousand tons of sugar was imported from Formosa. More than 10 million US dollars worth of raw cotton was purchased in Pakistan. Some raw cotton was also imported from Hong Kong and India. More than 15 million US dollars worth of wood was imported from the Philippines for the manufacture of plywoods. Rubber imports from Malaya amounted to 22 million US dollars. Its import from Indonesia just exceeded one million dollars.

A substantial amount of oil came from Singapore and Indonesia. Iron ore is imported from India, Malaya, and the Philippines. The importation from the first two countries has shown a substantial increase. Salt was imported mostly from Formosa. In brief, Japan depends upon South-East Asia for the supply of some foodstuffs she requires, such as sugar, rice, and salt, and of important industrial materials, such as rubber, tin, wood, iron ore, copper, manganese, crude oil, bauxite, palm oil, etc. Japan's exports to South-East Asia are a wide variety of daily necessities, machinery for industrial developments, transport equipment, metals, and chemicals.

A notable development in recent times is the advance of Communist China after the Bandung Conference. With the progress of the second five-year plan, Communist China's productivity has been expanded. In addition to her traditional exports, such as foodstuffs and indigenous products, she is now making great strides in the export of industrial products, especially textiles, paper, cement, glass, chinaware, etc. Japan will face increasing competition with Communist China.

Development of natural resources in South-East Asia is most desirable from a Japanese point of view, since it will facilitate the supply of important raw materials to Japan, and will also elevate the living standard of the people of that area, which will in turn expand Japan's exports. At the same time, Japanese manufacturers must be prepared to face the rise of manufacturing industries in the countries of South-East Asia, which will be capable of producing the merchandise now exported from Japan.

To cope with the decrease of the purchasing power in that area, caused by the world-wide recession, Japan will have to make a serious effort to increase her imports from the region, to supply credits in Yen, to expedite the performance of reparations, and to work out means of economic cooperation.

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Trade Between Britain and Japan

THE UK imports from Japan reached a new record in 1958 but UK exports to Japan (due to general import restrictions imposed by Japan) decreased considerably during the first nine months of 1958. It is, however, expected that as a result of the strengthening of Japanese foreign exchange position the country will increase her imports in the near future. While the UK had a favourable trade balance with Japan amounting to nearly £6 million during the first nine months of 1957, she had an unfavourable trade balance of about £8 million during the first nine months of 1958, thus reverting to the position of the first nine months of 1956 when the unfavourable trade balance amounted to £6.5 million.

UK trade with Japan developed as follows:

| | 1956 | 1957 | 1958 |
|---------------|-------------------|------|------|
| | first nine months | | |
| UK imports | 21.1 | 18.2 | 22.5 |
| UK exports | 14.6 | 24.0 | 14.5 |
| UK re-exports | 2.0 | 0.8 | 0.6 |

All figures in £million

During the first nine months of 1958 UK imports from Japan included fish and fish products — £9,899,015 (as against £5.9 million during the corresponding period of 1957), fruits, vegetables, including canned fruit — £3,834,280; tea — £60,350; raw silk — £403,280 (UK total imports of raw silk amounted to 504,160 lb. and included 285,778 lb. from Japan and 127,377 lb. from China), miscellaneous animal and

vegetable crude materials — £187,267; chemicals — £849,237; non-coniferous wood — £1,088,018; plywood — £1,771,853; unbleached cotton fabrics — £1,826,327 (as against £2,423,490 during the corresponding period of 1957); man-made fibre yarns and fabrics — £445,264; iron and steel — £239,380; non-ferrous base metals — £370,030.

UK exports to Japan included supplies to the Japanese wool industry and included during the first nine months of 1958 raw sheep's and lambs' wool — £308,961; wool tops — £1,273,366 (as against £2.6 million during the corresponding period of 1957); wool waste — £982,974 (as against £2,046,849); as well as woollen and worsted yarns and woven fabrics to the value of £2,252,760 (as against £3,092,615). The 1958 exports included worsted yarns — £69,482; woollen fabrics — £1,232,484 and worsted fabrics — £605,706.

Other important exports to Japan included machinery (other than electric) to the value of £3,070,607, and it is significant that the exports of textile machinery increased from £274,872 during the first nine months of 1956 to £681,693 during the corresponding period of 1957 and to £1,074,384 during the nine months of 1958. Machinery exports included also those of office machinery, valued at £103,564. Exports of electric machinery apparatus and appliances — £409,426.

The UK also exported to Japan during the first nine months of 1958 road vehicles — £416,822; scientific instruments — £224,509; chemicals — £1,376,485 (including chemical elements and compounds — £266,013 and dyeing, tanning and colouring materials — £344,023); and whisky — £339,564.

In addition to the prospects for higher exports to Japan there are also possibilities for various industries in the UK to enter into agreement with Japanese firms on production in Japan under licence and of selling "know-how" to Japanese firms. The recently announced list of technologies which Japanese industries would like to secure abroad include manufacture of high performance machine tools, production of heatproof alloy and heatproof steel, manufacture of jet planes, including engines and auxiliary apparatus, certain types of electronics and products from natural gas by distillation or cracking of petroleum, as well as high productivity and automatic techniques in various industries.

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JAPAN'S TRADE WITH COMMUNIST CHINA

JAPAN'S trade with Communist China, on the whole, has been on the increase for the past few years, although it showed a decrease last year of about 10 percent from the previous year in total exports and imports. Last year's total was approximately 140 million US dollars. The main imports of Japan were soya beans (29.5 percent), beans (9.7 percent), coal (8.9 percent), salt (7.1 percent) and magnesia clinker (6.7 percent), while her main exports are chemical fertilizers (23.0 percent), steel (20.3 percent), machinery (15.1 percent), and chemical fibres (8.4 percent).

With the conclusion of long-term contracts for chemical fertilizers and steel in the early part of this year, and the expectation that the COCOM embargo list would be substantially relaxed in August, it seemed that prospects for expansion of Japan's trade with Communist China were very bright. As a matter of fact, Japan's exports to Communist China in the January-May period amounted to \$48,190,000, that is a monthly average of \$9,600,000. If this rate was to continue, it seemed certain that the annual total of Japan's exports to Communist China would exceed \$100 million. However, Communist China unilaterally cancelled all contracts on May 10, except those for which the letters of credit had been issued. The total amount involved in this cancellation reached £35,060,000.

The main items of this year's Japanese-Chinese trade are about the same as last year's. The most important imports of Japan were agricultural products (soya beans and other miscellaneous beans and rice), while her principal exports were chemical fertilizers and steel.

Foreign Exchange Statistics of Japan's Trade with Communist China for January — June, 1958 (in 1,000 US dollars)

| Exports | | Imports | |
|--|---------------|-------------------------------------|---------------|
| Foods and beverages | 647 | Grains, foods and similar materials | 26,881 |
| Textiles | 3,637 | Textile materials | 1,485 |
| Wood & wooden goods | 214 | Wood, pulp, and paper | 605 |
| Animal and vegetable products | 384 | Animal and vegetable products | 1,581 |
| Oils, fats and wax | 166 | Petroleum, oils, fats and wax | 936 |
| Chemicals | 19,670 | Chemical materials and products | 167 |
| Metal and their manufactures | 22,051 | Metals and metallic materials | 208 |
| Non-metallic minerals and their manufactures | 47 | Non-metallic mineral and coal | 6,550 |
| Machinery | 6,637 | Machinery and books | 25 |
| Miscellaneous | 315 | Medicines | 140 |
| Total | 57,771 | Total | 39,163 |

Customs Clearance Statistics of Japan's Trade with Communist China (in 1,000 U.S. dollars)

| 1957 | | 1958 | |
|---------|--------|-------------|-------------|
| | | | |
| Exports | 60,484 | Jan. 5,466 | Feb. 10,965 |
| Imports | 80,482 | Mar. 10,748 | Apr. 10,145 |
| | | May 10,865 | June 1,025 |
| | | July 8,373 | Aug. 8,263 |
| | | Sept. 8,989 | Oct. 7,832 |
| | | Nov. 47,590 | |

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Increased Japan - Soviet Trade

SOVIET-Japanese trade is still on a small scale, but it is significant that the 1957 value of this trade amounted to 4.5 times the 1956 value. According to Soviet statistics, imports into the Soviet Union from Japan reached the value of 34.7 million roubles in 1957—showing an elevenfold increase compared with 1956 imports which amounted to only 3.1 million roubles. Soviet exports rose from 11.9 million roubles in 1957.

Soviet exports to Japan in 1957 included 388,300 tons of coal valued at 17.9 million roubles, 29,000 tons of chrome ore—5.6 million roubles, and wood and timber—8.7 million roubles. The 1957 Soviet imports from Japan included ball bearings—3.9 million roubles; rolled iron and steel goods—8.6 million roubles (12,300 tons); metal products—4.2 million roubles; conveyor belts—6.7 million roubles; cables—1.2 million roubles; synthetic silk yarn—6.4 million roubles (1,500 tons); silk tissues—1.2 million roubles.

Japan's proximity to the Soviet Far East tends towards greater trade between the two countries. Recently, Japanese businessmen have also shown increased interest in trade with other East European countries and some Japanese trade missions have visited these countries.

During the visit to Czechoslovakia, a group of Japanese businessmen discussed with Czechoslovak import and export corporations the possibility of developing trade between the two countries, and have expressed interest in Czechoslovak machinery, while the Czech corporations were interested in importing textile raw materials including artificial silk, synthetic silk, woollen yarn, as well as whale oil, non-ferrous metals, and other products.

JAPAN'S TRADE WITH WESTERN EUROPE

THE year 1958 has seen a great contraction of Japan's global foreign trade, and this trend has greatly influenced the country's trade with her main trading partners in western Europe. Because of a restrictive import policy, Japanese imports dropped more than her exports and this has led to a favourable payment balance of over \$US 230 million during the first half of the 1958 fiscal year (April to September), including about 95 millions derived from trade in goods and about 140 million from invisible trade.

This is an impressive improvement of the country's foreign payment position, as during the corresponding period of 1957 Japan had an unfavourable payment balance of nearly \$US 500 million. However, because the Japanese economy is based to a large extent on her export industries, there are many students of Japanese economy who believe that the shrinking of her external trade can be regarded as a sound but only a temporary trend. They point to the fact that stocks of imported raw and semi-manufactured products which are required by the export industries have been run down to a very low level, and that the next phase will see an increase of Japan's imports. In order to be able to balance these increased imports Japan will have to increase her exports too, and thus the scene has been set again for switching over from a shrinking foreign trade to an expanding one.

Japan's great interest in participating in the economic

development of South-East Asian countries (clearly demonstrated at the Colombo Plan meeting) is dictated by the urgent necessity of finding outlets for Japanese products in these advantageously situated markets — which is not unnatural and quite justified. At the same time recent visits by Japanese trade missions to various countries of all continents point in the same direction — towards the desire of expanding Japan's foreign trade and to achieve this aim by a largest possible diversification of her trading with the largest possible number of countries. There is no doubt that such a diversification represents a certain stabilising element against unforeseen difficulties.

There are possibilities of further development in trade and other economic relations between Japan and West European countries, even if in many cases Japan and the West European countries are vigorous competitors. Dr. L. Erhard, the West German Minister of Economic Affairs, (the author of German Economic recovery programme in the post-war period) during his recent visit to Japan emphasised the fact that there are possibilities of Japan's participation in supply of capital goods to developing countries of South-East Asia, and that he would even welcome Japanese activities in this field. However, he shocked some of his Japanese hosts by saying that not enough consideration has been given to the development of the Japanese home market. He complained that Japanese prices in some instances in the export trade were so low that they aroused additional buyers' resistance. He quoted certain cases when Japanese prices were 30-40 percent lower than those of their competitors and felt that if these Japanese prices were increased to a level of 5-10 percent under the quotations of their foreign competitors — the Japanese would be able, in fact, to sell more (and thus to earn larger amounts of foreign currency).

Following Dr. Erhard's remarks on the importance of the home market for the entire economy (including the export industries) and his prediction that in this connection Japanese wages would have to be raised, this question was taken up by Professor Tanabashi in the House of Representatives who advocated a minimum wage system, which would conform to international standards. There is little doubt that during recent years there was a growing appreciation that Japanese goods were of much better quality than in the past. It is felt in many circles that the very cheap low export prices quoted by Japanese manufacturers are in many cases rather more of a hindrance than an advantage in securing contracts.

West Germany's trade with Japan has shrunk considerably in 1958. During the first 9 months of 1958 Germany's exports to Japan amounted to 246 million DM as against 363 million during the corresponding period of 1957. Germany's imports from Japan during the same periods decreased from 171 million DM to 137 million.

Switzerland: contrary to most other European countries, Switzerland was able to increase her exports to Japan, and they reached the value of 79.6 million Sw. Frcs. during the first 10 months of 1958 as against 76.9 million Sw. Frcs. during the corresponding period of 1957. As the imports from Japan decreased over the same periods from 60.7



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million Sw. Frcs. to 53.2 million Sw. Frcs. Switzerland's favourable trade balance with Japan increased from 16 million Sw. Frcs. during the first 10 months of 1957 to over 26 million Sw. Frcs. during the first 10 months of 1958.

France: during the first 8 months of 1958 French exports to Japan amounted to 4,206 million Fr. francs as against 5,869 millions during the corresponding period of 1957. French imports decreased from 4,277 million to 3,015 million francs during the same periods. In November the trade agreement between the two countries which was to expire by the middle of November was extended until March 31, 1959. Japanese main exports to France include raw silk, silk fabrics, rayon, tea, cement and pearls, while exports from France to Japan include machine tools, potash, phosphates, salt, nickel ore and graphite.

Belgium: Belgo-Luxembourg imports from Japan increased from 487 million Belg. francs during the first 7 months of 1957 to 617 million francs, while Belgo-Luxembourg exports to Japan dropped from 963 million to 553 million francs during the same periods.

Holland: imports from Japan increased from 51 million guilders during the first half of 1957 to 61 million guilders during the corresponding period of 1958, while Dutch exports to Japan decreased from 31 million to 26 million guilders during the same periods.

Denmark: during the first eight months of 1957 and 1958 Danish imports were on the same level, namely 91 million D.Kr., whereby a large proportion of the imports consisted of Japanese ships built for registration in Denmark. Danish exports to Japan decreased from 13.3 million D.Kr. during the first 8 months of 1957 to 11.4 million during the corresponding period of 1958.

Sweden: Swedish imports from Japan amounted to 70.4 million Sw.Kr. during the first 7 months of 1958 as against 130 million during the whole of 1957, while Swedish exports dropped to 19.8 million during the first 7 months of 1958 as against 55.5 million Sw.Kr. during the whole of 1957. Sweden is anxious to reduce her high unfavourable trade balance with Japan and advocates a more liberal Japanese import policy. Recently a Japanese trade delegation visited Sweden, and discussions took place on possibilities of increasing the trade between the two countries in both directions.

Trade Between Brazil & Japan

The conclusion of a new trade and payments agreement between Brazil and Japan has introduced a new stage in the trade between the two countries, which has so far been conducted on a bilateral open account basis. The new agreement prescribes that the settlement of the trade will be made in cash in terms of pound sterling. This one-year agreement provides for Japan's import of Brazilian products worth \$42.5 million a year, including \$21 million raw cotton, \$9 million sugar, \$3.7 million soya beans, \$2.5 million wool, \$2 million coffee, \$2 million cocoa and cocoa butter, and \$2.3 million other products. Among the goods Brazil will buy from Japan are iron and steel products, non-ferrous products, chemical products, machinery, ships, railway rolling stock and dynamos.

Japan's trade returns with Brazil have been as follows

in recent years:

| | (in US \$1,000) | |
|------------------|-----------------|--------|
| | Export | Import |
| 1953 | 19,980 | 40,496 |
| 1954 | 88,772 | 68,961 |
| 1955 | 37,186 | 51,700 |
| 1956 | 47,354 | 37,922 |
| 1957 | 25,920 | 38,889 |
| 1958 (Jan.-June) | 21,226 | 13,680 |

Japan - Egypt Trade Agreement

At the beginning of November a new trade and payment agreement between Japan and Egypt was signed in Cairo. The new agreement replaces the former agreements which were on an open account basis by "cash payment" principle, which means in this case that trade transactions are to be settled in future by sterling or any freely convertible currency. The agreement provides that the countries will strive to increase the trade between them and that neither of the signatories would re-export the products of the other country without a special consent.

The new agreement allows Japan to buy cotton in Egypt at lower prices than the previous arrangements, and this is of great importance to Japan as nearly nine-tenths of the total imports from Egypt consist of raw cotton imports. Japan's exports to Egypt include machinery, steel, textiles, paper and fishery products.

The economic cooperation between Japan and the United Arab Republic reached an important step in the middle of September when an agreement was reached between the two countries on the supply of Japanese capital goods to the United Arab Republic. The agreement provides for delivery of goods to the value of \$US 30 million on a deferred payment basis. The capital goods to be shipped by Japanese private firms are for the five year industrial development programme of the United Arab Republic and include plant and equipment for 19 industrial enterprises including caustic soda, spinning, sugar refining, can manufacturing, oil pressing, refrigerating, weaving, photographic film, fishing nets and toys.

Japan - Pakistan Arrangements

In an effort to expand trade between Japan and Pakistan and maintain it at the highest volume practicable, the Governments of both countries agreed to enter into a new trade arrangement. The agreement was signed in Tokyo in September.

Japan and Pakistan have held trade talks every year since 1949 and succeeded in concluding official arrangements. It is expected that the signing of the new Trade

Arrangement will prove to be an additional impetus to the promotion of trade between the two countries. The Trade Arrangement, retroactive to September 1, will be valid for one year until August 31 next year. Under the arrangement, Japan will export to Pakistan mainly textile products, iron and steel, capital goods, machinery, chemicals and dyestuffs, and import from that country raw cotton, jute, hides and skins, salt and other articles.

Under the previous Trade Arrangement that took effect on July 1, 1957 and expired on June 30 this year, Japan sold to Pakistan \$25,077,000 worth of goods and bought \$34,098,000 worth, it is reported. Japan's exports to and imports from Pakistan in the years 1955, 1956 and 1957 are given in the accompanying table, an extract from the recently published White Paper on 1957 foreign trade:

| | (in thousands of US dollars) | | |
|-----------------------------------|------------------------------|--------|--------|
| | 1955 | 1956 | 1957 |
| Total exports | 43,997 | 17,675 | 16,619 |
| Food and beverages | 5 | 9 | 12 |
| Raw materials | 255 | 273 | 130 |
| Pharmaceutical and chemical goods | 1,251 | 518 | 3,447 |
| Textile products | 91,239 | 8,718 | 4,548 |
| Non-metallic mineral products | 919 | 1,150 | 719 |
| Metals and products | 11,080 | 2,317 | 2,246 |
| Machinery | 9,162 | 3,516 | 4,465 |
| Total imports | 47,086 | 50,622 | 47,201 |
| Sheepskins | 173 | 370 | 455 |
| Raw cotton | 38,271 | 40,871 | 36,113 |
| Cotton linters | 769 | 953 | 774 |
| Jute | 7,033 | 6,178 | 8,887 |

Trade Pact with Greece

The trade between Japan and Greece has been conducted on an open-account basis in terms of US dollars under the Trade and Payments Arrangements, signed on March 12, 1955, providing that its trade plan be revised on an annual basis. As a result of the negotiations on a new trade plan for the year 1958, agreement was reached for the extension of the 1956-year Trade Plan (providing \$2,500,000 in trade each way) for the period from April 1, 1958 to March 31, 1959, as was the case in the previous year, and the Notes-Verbaux to this effect were exchanged on September 27 last, between the Japanese Legation and the Ministry of Foreign Affairs in Greece.

The principal exports from Japan by this new plan are machinery (in the amount of \$1,100,000) metals and metal goods, ceramic ware and canned fish (\$200,000 each) and major imports are dried fruits (\$1 million), leaf-tobacco (\$500,000) and raw cotton (\$400,000). The amount of leaf-tobacco to be imported, however, depends on the demand for cigars blended with Greek tobacco.

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Shipbuilding in Japan

ACCORDING to the Lloyd's Register Shipbuilding Returns the Japanese shipbuilding industry had by the end of September 1,169,926 tons under construction (showing a small decrease of 85,637 tons against the position at the end of June).

An analysis of this total figure shows that 85 ships of 339,436 tons are for registration in Japan, while 47 ships of 830,490 tons are for registration in other countries. The high share of orders from foreign countries is clearly shown by the above mentioned figures. The Japanese shipbuilding industry was recently able to book some orders for very large tankers, including two 87,500-ton tankers, and one 67,800-ton tanker. By the end of September 42 tankers were under construction, including 19 tankers of 155,060 for registration in Japan, and 23 tankers of 600,490 tons.

The high performance of the Japanese shipbuilding industry can be seen from the fact that during the third quarter of 1958, 108 ships of 520,822 tons were completed. These figures include 29 tankers of 289,663 tons. Thus Japan had again the biggest output of ships and tankers among all shipbuilding nations.

Japan's own shipping has made a remarkable recovery since the end of the war, and by April 1, 1958 had a fleet of about 4,600,000 gross tons. For the rebuilding of the merchant fleet a sum of over Yen 300,000 million was spent. The importance of Japanese shipping can be seen from the fact that in 1957 Japan's exports amounted to nearly 8 million tons and nearly 54 percent of these cargoes were carried by Japanese ships. During the same year Japan's import shipments amounted to nearly 59 million tons; 41.1 percent of the imports were carried by Japanese ships.

In 1957 Japan earned \$US 547 million in freight revenues which represents an increase of 24 percent over 1956. In addition the Japanese shipping fleet performs an important task in coastal shipping.

The present depression in the world shipping industry had adverse effects on her shipping. It is sufficient to say that in March 1958 the world tramp freight index dropped to 63.3, taking the 1952 average as 100. The recent White Paper published by the Japanese Transportation Ministry says that "because the shipping industry has an international character, its sound development calls for international cooperation. Hitherto, unification of legislation has been promoted in regard to techniques, on-board labour, entry into ports and the freedom of navigation, and this trend is becoming stronger now."

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INDUSTRIAL AND COMMERCIAL NOTES

OIL IN BOMBAY STATE

Oil has been struck at one of the experimental drilling sites at Vadher, four miles from Baroda, by a team of Indian experts, which has been exploring this area for over six months.

Mr. K. D. Malaviya, Chairman of the Oil and Natural Gas Commission, in a statement in New Delhi on November 10 said:

"The Oil and Natural Gas Commission had been drilling experimental holes in and around the city of Baroda for the last six months to obtain information regarding the sub-surface geology of the area following indications of gas in old tube wells in the town. This drilling programme was further intensified after oil was struck in the first deep test well at Lunej near Cambay recently.

"Up till now 12 shallow wells have been drilled in and around the city. While testing the twelfth well on the night of November 9 oil was noticed at a depth of about 165 metres. Testing of this well continues."

INDO-EAST-GERMAN DEAL

East Germany has agreed to exchange machine tools, optical instruments, electrical equipment and films with India for tea, coffee, raw materials and handicrafts.

UK WOOL TOPS FOR ASIA

China continues to be the biggest export market of UK wool top industry and during the first nine months of 1958 UK exports of wool tops to China reached 12,560,000 lb. valued at £5,005,157 as against 5,516,000 lb. valued at £2,662,124 during the corresponding period of last year. According to an estimate of the Chinese Ministry of the Textile Industry the output of woollen fabrics will reach this year 23.6 million metres, an increase of nearly 30 percent over last year's output. It is expected that the UK wool tops exports to China will continue to run at the present level.

UK exports of wool tops to other Asian and Far Eastern markets were as follows:—

| | 1957 | 1958 |
|-----------|-------------------|-----------|
| | first nine months | |
| | £ | £ |
| India | 4,437,778 | 4,024,677 |
| Pakistan | 1,088,519 | 745,600 |
| Hong Kong | 470,395 | 143,226 |
| Japan | 2,554,457 | 1,273,366 |

Japan's imports of raw and semi-manufactured goods for the country's woollen industry decreased considerably in 1958 due to the restrictions imposed by the Japanese authorities. During the

first half of the 1958 fiscal year (April-September) Japan's raw wool imports were valued at only \$US 99.5 million, a decrease of 36 percent as against the corresponding period of 1957. This decrease was, however, partly due to lower prices and the decline in volume amounted to only 20.8 percent.

It is reported from Japan that the stocks of raw wool are low and it is expected that, with the improvement of the overall financial position of the country, larger imports of raw wool and wool tops will take place shortly, particularly as the Japanese authorities and industry are anxious to promote the exports of woollen yarns and fabrics in order to earn more foreign currency. The industry has nearly 27,000 looms.

FRENCH WOOL TOPS FOR CHINA

During the first 6 months of 1958 France exported 1,680,000 lb. of wool tops to China as against 1,160,000 lb. during the corresponding period of 1957.

NEW ZEALAND'S WOOL FOR JAPAN

During the 1957/58 season, New Zealand's exports of raw wool amounted to 14.2 million lb. as against 9.4 million during the previous season. The 1957/58 exports included 13.8 million lb. greasy wool.

CHINA SUPPLIES WOOL TO THE SOVIET UNION

China is at present the largest supplier of raw wool to the Soviet Union. The following table shows the development of the growing Soviet total imports of raw wool and at the same time indicates that, in addition to China and the Mongolian People's Republic, Afghanistan and India are important suppliers of raw wool to the Soviet Union.

| | 1956 | 1957 |
|-----------------------------|-------|-------|
| Total Soviet imports | 106.9 | 126.3 |
| including from | | |
| China | 28.7 | 30.2 |
| Mongolian People's Republic | 27.6 | 23.1 |
| Afghanistan | 8.2 | 8.8 |
| India | 3.5 | 6.8 |

(All figures in million lb—clean basis)

INDIAN EXPLOSIVE FACTORY

India's first commercial blasting explosives factory was opened on November 5 by the President of India, Dr. Rajendra Prasad, at Gomia, Bihar. The factory has been built by Indian Explosives Ltd., a company which was formed in 1953 and in which Imperial Chemical Industries Ltd., through their Indian subsidiary company, are in partnership with the Government of India.

ICI's Nobel Division have been

responsible for the design, erection and commissioning of the plant, which will have a capacity of 5,000 short tons of explosives a year and will go far to making India self-sufficient in the supplies of explosives needed for mining, railway and road building, quarrying, irrigation and hydro-electric schemes. A scheme to produce safety fuse at the same site has been licensed by the Government of India.

The factory site, which covers 2,000 acres, is close to the coalmines of Bihar and Bengal, major consumers of commercial explosives. While work on the site at Gomia has been in progress, demand for commercial explosives, mainly arising out of India's Five-Year Plan developments, has increased considerably. For that reason, plans are already in hand to increase the factory's capacity to 7,500 tons.

Indian Explosives Ltd., is a public company, in which ICI's Indian subsidiary holds 80 percent of the equity capital and the Government of India 20 percent. Its authorised capital is approximately £3 million. The present investment in fixed and floating assets is estimated at approximately £3.8 million. In two or three years, when further extensions are completed, this figure may increase to approximately £6 million.

TRAINEE INDIAN STEELWORKERS

The fourth party of the 300 Indian engineers to come to the United Kingdom under Colombo Plan auspices, for training in steelworks and engineering shops, arrived in London in November. Like the three other groups already in the United Kingdom, the 19 engineers of this group are to be given special training for supervisory posts in the new steelworks now being built at Durgapur, in Bengal. This will bring to 88 the number of Indians in the United Kingdom under this training programme. The first group, comprising 19 engineers who began their courses in October 1957, completed their training and sailed from Liverpool on November 29th.

FISHING INDUSTRY IN JAPAN

Fishing is one of the oldest and most favourably situated industries in Japan, because this island country has one of

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the three richest fishing areas in the world in its surrounding seas. The fishing industry provides livelihood for about three million fishermen plus their families. Its annual production runs close to 250,000 million yen and accounts for some 17 percent of the world's total fisheries production.

Despite the increase in recent years of Japan's consumption of animal meats, eggs and milk, the Japanese people depend on sea foods for as much as 70 percent of their total animal protein intake. A part of the marine production is exported and is earning about 60,000 million yen in foreign currencies each year. The total tonnage of fishing boats

in Japan was 1,570,000 tons as of the end of 1957. Motor-powered ships totalled 1,340,000 tons.

Parallel with this progress in the number and size of fishing boats, numerous important improvements were made in the techniques of navigation and fishing operations in the postwar period. This technical progress helped raise the efficiency of fishing operations to a considerable extent.

Conservation of fish and other marine resources is vital for the sustained well-being of the fishing industry. The Government is partly subsidising various projects along this line. The Japanese fishing industry's annual catch was from

4,200,000 tons to 4,300,000 tons (excluding whales) in the prewar period. This dropped to as low as 2,050,000 in 1945 when the war ended. With the return of peace and resumption of general economic activities, the fish production has shown a steady recovery until it topped the prewar record in 1952 and in 1957 reached from 5,300,000 tons to 5,400,000 tons.

CHINA'S STEEL OUTPUT

China's steel output exceeded 8 million tons up to November 10, reaching 75.3 percent of the new target for this year. This means that China produced in 2 months and 10 days as much steel as in

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the preceding 8 months. In the first 10 days of November, steel output continued to rise steadily though some of the millions of peasants who had taken part in steel production returned to farming work.

A total of 789,000 tons of steel was produced in these 10 days. The average daily output in this period was 151.6 percent greater than in the same period of October. The October output was already 91.7 percent greater than September. National iron output in the first 10 days of November reached 2,133,000 tons with an average daily output 217.3 percent higher than in the same period last month.

LHASA BUILDS INDUSTRY

Iron and steel are now being produced in Lhasa in small blast furnaces and converters built by Government functionaries and the army. The first heat of steel on the Tibetan Plateau was produced by a veteran foundry worker of the Lhasa Automobile Repair Shop in August this year. Four other factories—for cement, chemical fertiliser, leather goods and woodwork—are being built by the Communist Chinese Army Headquarters in Tibet. They will begin production in the near future. Preparations are also being made for the establishment of an amateur film studio in Lhasa.

Tibet's first coal mine went into production in October. The people of Lhasa are using local coal for the first time in history, after using yak dung as their chief fuel for centuries. A hydro-electric power station with a generating capacity of 6,000 kilowatts is now being built in the eastern outskirts of Lhasa.

POLAND TO BUILD SHIPS FOR INDONESIA

Twenty-four ships of four different types, totalling some 65,000 tons dead-weight, will be built by Polish shipyards for Indonesia in the years 1959 to 1962. The Paris Commune shipyard in Gdansk will build 11 passenger-carrying cargo ships of 900 tons dead-weight each. The Szczecin shipyard will build 7 ships of 2,300 tons each, also passenger-carrying general cargo ships, and four 4,200-ton ships. Two 10,000 tonners will be built by the Gdansk shipyard.

CHINESE TYPESETTING MACHINE

Typesetting in Chinese printing, which has been done by hand for ages, will see a revolutionary change in the near future. This is being made possible by the invention of an automatic typesetting machine. This automatic typesetting machine is capable of setting 20,000 Chinese characters in one hour, nearly 10 times the speed of hand set type.

The machine can remove types from the composing stick automatically, and setting types of various sizes. It can make alterations in setting. Made to set Chinese type, it can also set Japanese type.

TENDERS

The Director General, India Store Department, Government Building, Bromyard Avenue, Acton, London, W.3, invites tenders for the supply of:—

- (i) One Vertical Log Band Mill 48in. x 27in. x 5½in. similar to VE 48in. of "Stenners."
- (ii) One Band Re-sawing Machine Sizes 48in. x 27in. x 5½in. suitable for above.

Tender schedules and specifications may be obtained from the above address at a fee of ten shillings, which is not returnable. Cheques should be made payable to High Commissioner for India. The application for tender forms should state reference:—

1914/58/14/SMM/Eng.2.

Tenders, complete with specifications, are to be submitted by 11th DECEMBER, 1958.

The Office of the Chief Engineer, Madras Port Trust, Madras, India, invite tenders for the following:—

"TENDER ENQUIRY No. 16/E.P. 3/05902/58 for the supply of Travelling Trolley Type Tower Cranes of 4,400 lbs min. lifting capacity up to a radius of 50ft. Quantity 4 off."

Specifications, drawings, etc., relative to the above can be obtained direct from the Deputy Chief Accounts Officer (Engineering), Chief Engineer's Office, Madras Port Trust, Madras, India, on payment of One Pound, Two Shilling and Sixpence per set which is not refundable. Tenders are to be returned direct to the Chief Engineer's Office (at "C" Warehouse) Madras Port Trust, Madras, India, so as to reach them by 3 p.m. on 8th DECEMBER, 1958.

Specimen copy of the above Specification can be seen at India Store Department, Government Building, Bromyard Avenue, Acton, London, W.3 under reference S.3855/58/AVH/Eng.2.

Tenders are invited by the India Supply Mission, 2536 Massachusetts Avenue, N.W. Washington, D.C. for the supply of Plant and Machinery as listed below for the Locomotive Component Works, Mandundih, Varanasi, India. Tender forms containing Instructions to Tenderers, Conditions of Contract and Offer Form, priced at \$10.00 (£3.11.6) per set and specifications for the Plant

and Machinery priced at \$4.00 (£1.8.6) per each item separately as shown below can be obtained from the above office/Dir. General, India Store Dept. Coordination Branch Government Building, Bromyard Avenue, Acton, London, W.3, England/Embassy of India, Naigal Building, 5th Floor, No. 13/20 Chome Marunouchi, Chiyodaku, Tokyo, Japan/India Trade Commissioner in Australia, Caltex House, 167-187 Kent Street, Sydney, Australia/Dir. General of Supplies and Disposals, Shajahan Road, New Delhi, India. When applying for tender papers, please state for which items the specifications are required, and enclose the total amount accordingly. Quote reference Tender No. SE-11. Tender closing date DECEMBER 23, 1958.

1. Lathes, Brass Finishers', Copying, and Boring and Turning.
2. Heavy Duty Lathe, Capstans and Turrets.
3. Tracer Controlled and Plane Millers, Key Seating Machines.
4. Slotting and Planing Machines.
5. Drilling Machines.
6. Grinding Machines.
7. Horizontal, Jig and Locomotive Axle Box Bore, Heavy Vertical Duplex Borer.
8. Metal Cutting Cold Circular Saws; Horizontal and Vertical Band Saws.
9. Furnaces Billet Heating, Spring Making and Heat Treating.
10. Nil.
11. Press Forcing, Trimming, Spring Scragging and Buckling.
12. Power Hammers, Drop Stamps, Double Acting Hammers and Forging Machine.
13. Wood Working Machines.
14. Foundry Sand Preparing Equipment, Sand Slingers.
15. Miscellaneous Foundry Equipment e.g. Shot Blasting, Centrifugal Casting, Core Blowing, Magnetic Separator, etc.
16. Butt Welding, Oxy-Acetylene Cutting and Brazing Machines.
17. Punching, Shearing and Spring Plate Forming Machines.
18. Instruments and Testing Machines.
19. Weighing Machines.
20. Sundry Machines e.g. Bar Reeling, Screwing, Chain Testing, Centring, etc.
21. Handling equipment viz. Auto and Fork Lift Trucks.
22. Air Compressors, Pumps, Fire Pump and Sprinkler, Vacuum Cleaner.

MARKETS FOR NEW ZEALAND BLUE VEIN CHEESE

Trial shipments of New Zealand blue vein cheese have been sent in recent months by the New Zealand Dairy Products Marketing Commission to Canada, Barbados, Jamaica, Hong Kong, Singapore and South Africa. The established trade with Australia has been

maintained. The reaction in the new markets has been encouraged and it appears that a larger trade can be developed.

Last season, because of a fire, the New Zealand Co-operative Rennet Company, the sole manufacturer of the product in New Zealand, had only a small surplus of blue vein cheese for export. Practically

all of it went to Australia. This season, the company estimated that it will have about 200 tons as surplus to the local market requirements and available for export.

AIR FREIGHT TO INDIA

Air India International last month started the first all freight air service between London and Bombay. The outward service left London Airport on November 15, and the first inward service from Bombay arrived on November 20th. The service is now once weekly in each direction. Additional calling points in Europe will be Dusseldorf and Zurich.

A spokesman for Air India International said, "There is increasing traffic in all types of air freight between the United Kingdom and India and we feel sure that this new service will be useful to exporters in both countries."

JAPAN TRADE AGENCY

A new export-trade promotion agency, with a capital fund of approximately \$5.6 million, has been established by the Japanese Government.

The organisation, to be known as the Japan Export Trade Promotion Agency, has approved an operating programme which includes establishment of new overseas trade centres, a strengthened market research programme and partici-

pation in international trade fairs. It is successor to the Japan External Trade Recovery Organisation.

INDIAN AGREEMENT WITH USSR

A five-year trade agreement between India and the Soviet Union was signed in Moscow in November. This agreement provides for the extension of trade between the two countries. An important proviso of this agreement is the establishment of a clearing form of payment, namely, there will be no conversion into pound sterling or any other currency of Indian rupees in which payments will be made. This is in line with the attempt at achieving a balanced trade between the two countries. The agreement stipulates that the Soviet Union will next year buy goods from India by utilising the sums which have been deposited in payment for earlier Soviet credits to India.

Soviet exports to India will include various types of machinery and equipment, including complete sets for industrial units, coal mining machinery, irrigation equipment, machine tools, instruments, tractors and agricultural machinery, fertilisers, paper, oil products, cereals and films. Indian exports to the Soviet Union will include tea, spices, hides and skins, wool, tobacco, shellac, cashew nuts, vegetable and essential oils as well as manufactured goods, including jute

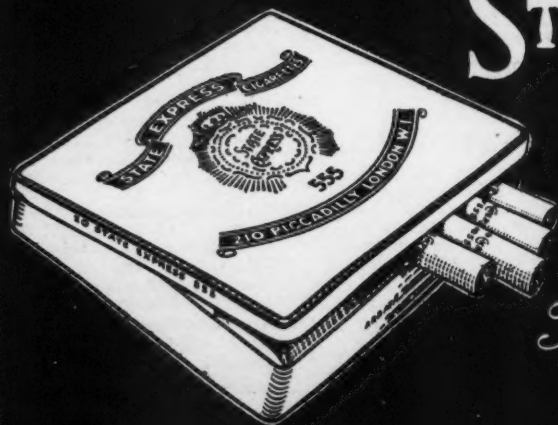
fabrics, leather goods and handicrafts.

According to Soviet statistics the Soviet exports to India reached the value of 339 million roubles in 1957 as against 168 million in 1956, while Soviet imports from India were valued at 73 million roubles in 1956 and at 168 million in 1957. Thus in both years India had a high, unfavourable trade balance in her trade with the Soviet Union.

The Indian Finance Minister, Mr. M. Desai, stated in his recent speech in the Parliament that the Soviet Union besides granting the credit for the Bhilai steel plant, had extended a credit of approximately Rs.600 million for certain industrial projects, and that negotiations were in progress for a new drugs project.

A trade protocol for 1959 which was signed between India and Poland provides for Poland's exports to India of equipment for industrial plants and mining industry, machine tools, railway rolling stock, electrical apparatus, iron and steel goods, artificial fertilisers and other chemicals. India's exports to Poland will include iron ore, mica, raw hides, tea and spices.

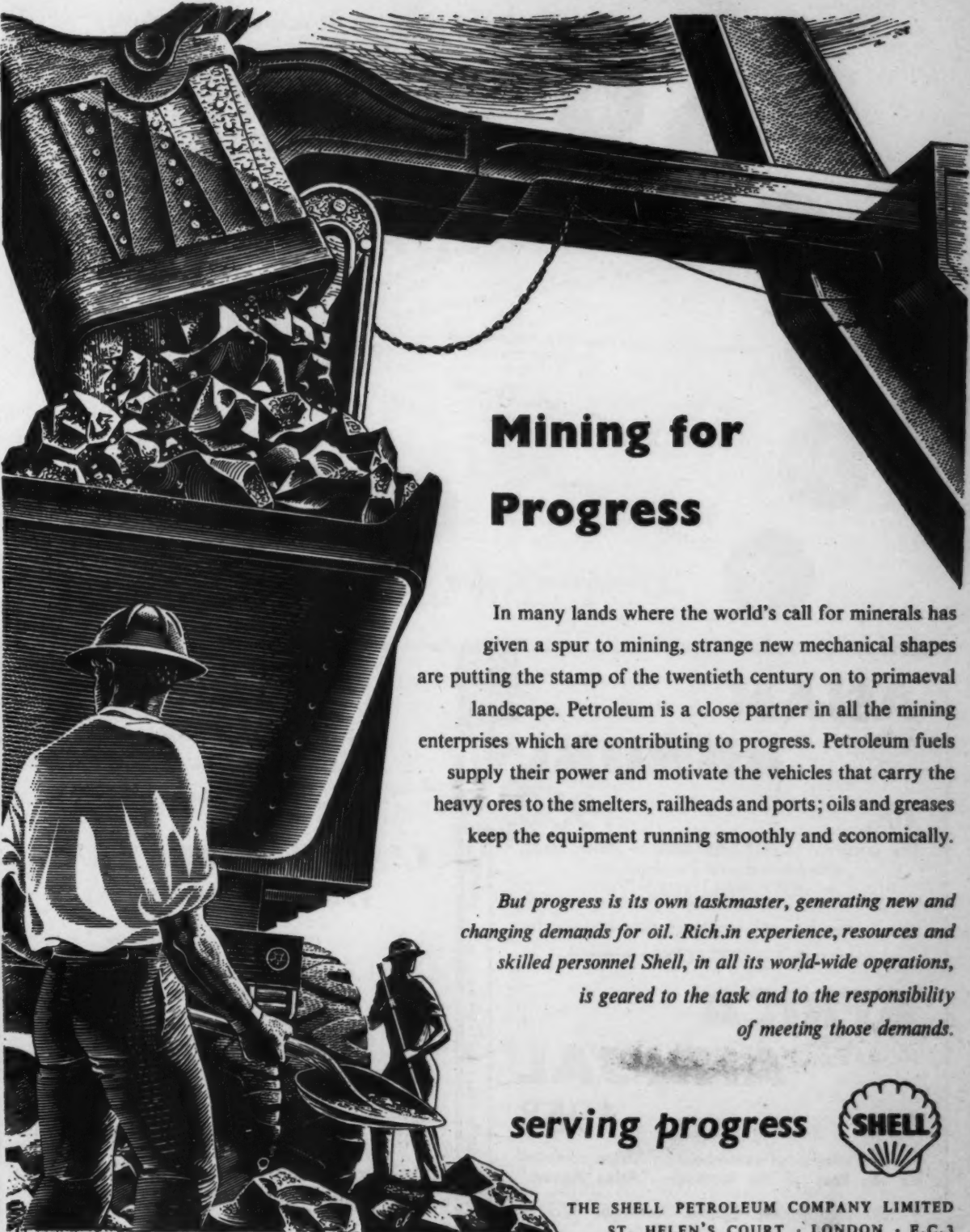
The recent agreement with Rumania provides for a Rumanian long-term credit of about Rs.52 million for setting up the first oil refinery in the public sector in Assam.



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EASTERN WORLD

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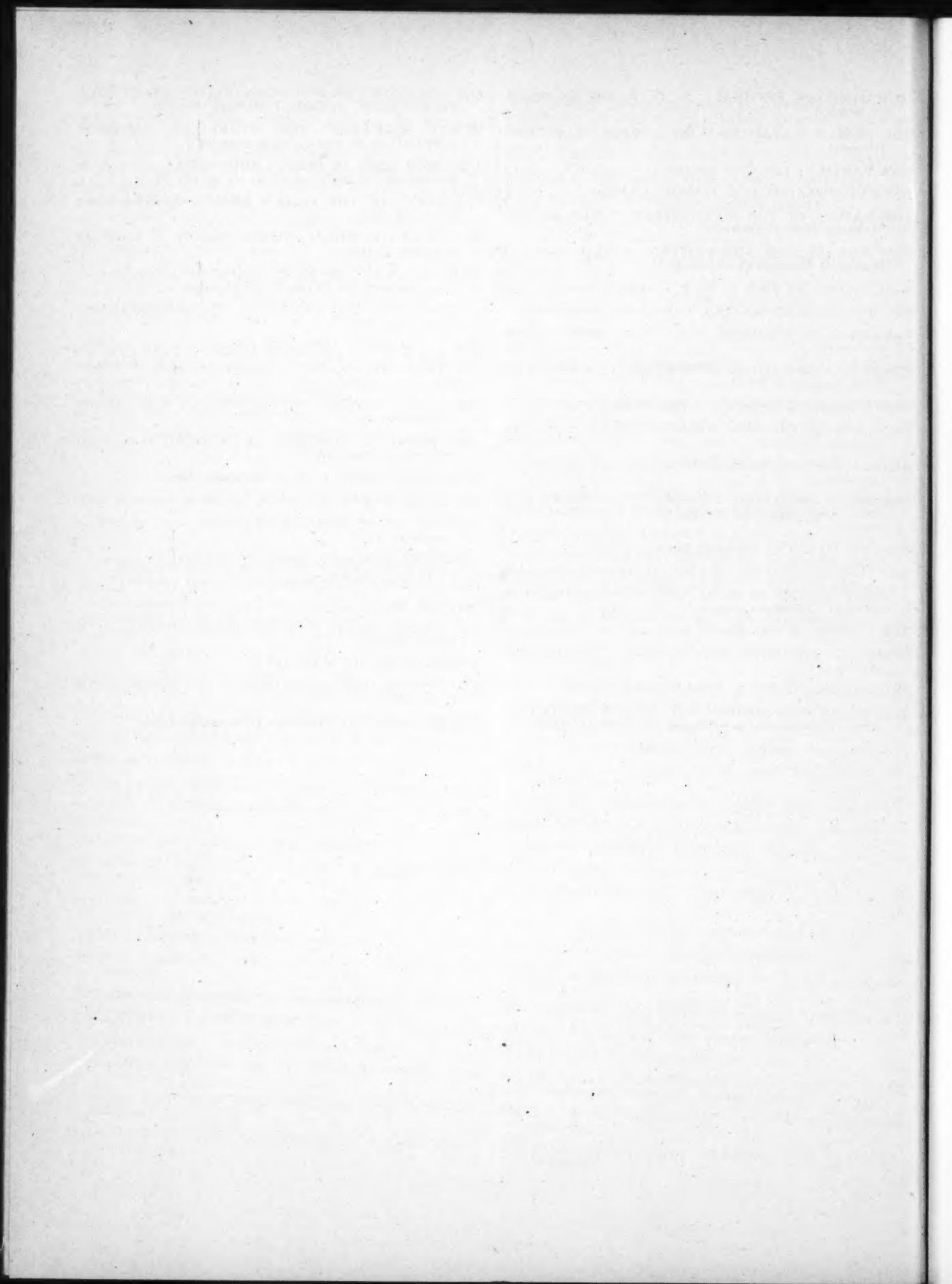
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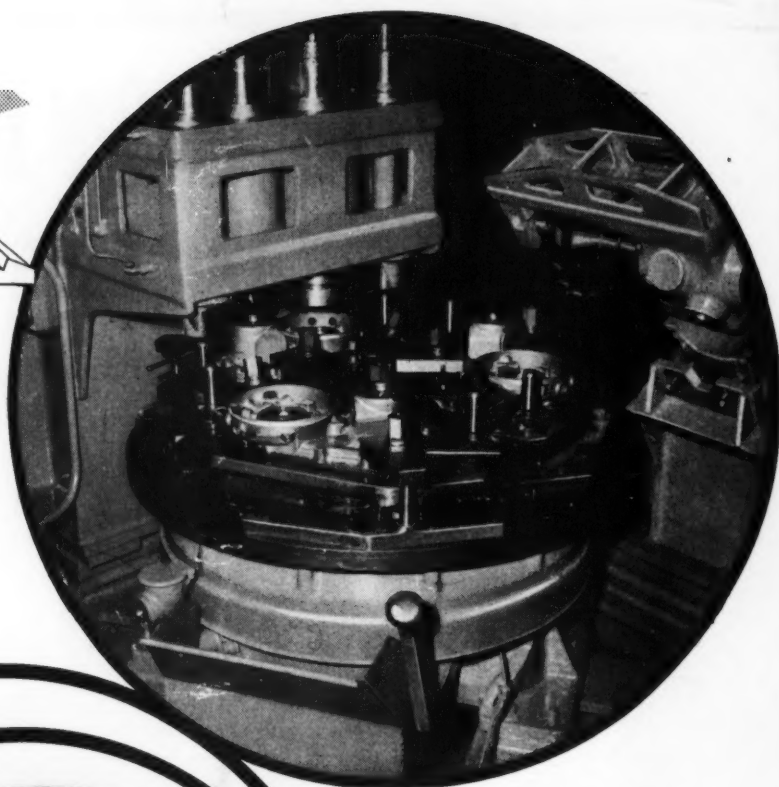
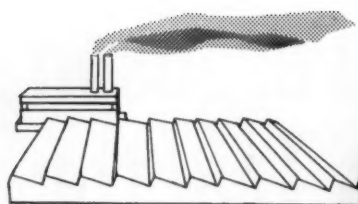
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